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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

For the transition period from to

Commission file number: 001-39111

Q&K International Group Limited
(Exact name of Registrant as specified in its charter)

Cayman Islands
(Jurisdiction of incorporation or organization)

Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China
(Address of principal executive offices)

Chengcai Qu, Chief Executive Officer
Phone: +86-21-6422-8532
Email: ccqu@qk365.com
Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American depositary shares (one American depositary share representing thirty (30) Class A ordinary shares, par value US$0.00001 per share)	**QK**	**NASDAQ Global Market**

Class A ordinary shares, par value US$0.00001 per share*

* *Not for trading, but only in connection with the listing of American depositary shares on the NASDAQ Global Market.*

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Not Applicable
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable
(Title of Class)

As of September 30, 2020, there were 1,436,010,850 ordinary shares outstanding, consisting of 1,255,621,301 Class A ordinary shares and 180,389,549 Class B ordinary shares, all with a par value of US$0.00001 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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INTRODUCTION

Unless otherwise indicated or the context otherwise requires in this annual report on Form 20-F:

- "ADSs" refers to our American depositary shares, each of which represents 30 Class A ordinary shares;
- "apartments contracted" or "rental units contracted" refer to apartments or rental units that we have leased in from landlords, as applicable;
- "available apartments" or "available rental units" refer to the apartments or rental units in operation, as applicable, which have been renovated and ventilated and are ready to rent to tenants;
- "average month-end occupancy rate" refers to the aggregate number of leased-out rental unit nights of the last day of each month in the relevant period as a percentage of the aggregate number of available rental unit nights of the last day of each month in the same period;
- "average monthly rental after discount for rental prepayment" refers to the total rental received by a rental operator from tenants for the relevant period the tenants stay in the rental operator's apartments, net of value-added tax, divided by the number of leased-out rental unit nights for the same period times 30.5 (which represents the average number of days in a month); for avoidance of doubt, the total rental does not include any utility fees a rental operator charges tenants for the relevant period;
- "average monthly rental before discount for rental prepayment" refers to the total rental received by a rental operator from tenants for the relevant period the tenants stay in the rental operator's apartments, net of value-added tax, adding back any discount the rental operator offers for rental prepayment, divided by the number of leased-out rental unit nights for the same period times 30.5 (which represents the average number of days in a month); for avoidance of doubt, the total rental does not include any utility fees a rental operator charges tenants for the relevant period;
- "China" or the "PRC" refers to the People's Republic of China, excluding, for the purposes of this annual report only, Hong Kong, Macau and Taiwan;
- "leased-out rental unit nights" refer to the number of nights that the rental units of a rental apartment were leased out for a relevant period;
- "long-term apartment rental" refers to apartment rental business in which the rents are normally collected on a monthly or quarterly basis, and the lease terms are normally over six months;
- "long-term apartment operator" refers to a company which operates long-term apartment rental business, collects vacant apartment resources and rents those apartments directly to tenants;
- "ordinary shares" refers to our Class A ordinary shares and Class B ordinary shares, par value US$0.00001 per share;
- "period-average occupancy rate" refers to the aggregate number of leased-out rental unit nights as a percentage of the aggregate number of available rental unit nights during the relevant period;
- "tenant renewal rate" refers to the percentage of tenants who choose to rent from the same operator after the end of the applicable lock-in period in the lease;
- "rental spread after discount for rental prepayment" refers to the difference between the average monthly rental after discount for rental prepayment on a lease to a tenant, and the monthly straight-lined rental that the rental operator pays to the landlord for the same space;

- "rental spread before discount for rental prepayment" refers to the difference between the average monthly rental before discount for rental prepayment on a lease to a tenant, and the monthly straight-lined rental that the rental operator pays to the landlord for the same space;
- "rental spread margin after discount for rental prepayment" refers to the rental spread after discount for rental prepayment as a percentage of the average monthly rental after discount for rental prepayment on a lease to a tenant on the same space;
- "rental spread margin before discount for rental prepayment" refers to the rental spread before discount for rental prepayment as a percentage of the average monthly rental before discount for rental prepayment on a lease to a tenant on the same space;
- "rental unit" refers to each bedroom in a rental apartment; we typically convert a leased-in apartment to add an additional bedroom, or the N+1 model, and rent each bedroom separately to individual tenants after standardized decoration and furnishing;
- "RMB" and "Renminbi" refer to the legal currency of China;
- "straight-lined rental" refer to the rental a rental operator pays to a landlord after adjustment to record rent holidays/rent-free period and rent escalation clauses on a straight-line basis over the term of the lease with the landlord;
- "tier 1 cities" refer to Beijing, Shanghai, Guangzhou and Shenzhen;
- "US$," "U.S. dollars," "$," and "dollars" refer to the legal currency of the United States; and
- "we," "us," "our company," "our" and "Qingke" refer to Q&K International Group Limited, its subsidiaries, variable interest entity and its subsidiaries.

Unless otherwise indicated, the number of our tenants, tenant renewal rate, average lease term of our tenants, and our other operating data in this annual report do not take into account tenants who choose not to stay in our apartments after the first week of their leases. To encourage prospective tenants to try out our apartments, we have put in place a policy to allow a new tenant to cancel a lease within three days from the move-in date, and we will return all rental, deposits and fees penalty free. If a new tenant cancels the lease on the fourth to the seventh day, we will return all unused rental, deposit and fees penalty free. In FY 2020, approximately 3.0% of our leases with tenants were terminated during the first week of their leases.

Our fiscal year end is September 30. "FY 2017" refers to our fiscal year ended September 30, 2017, "FY 2018" refers to our fiscal year ended September 30, 2018, "FY 2019" refers to our fiscal year ended September 30, 2019, and "FY 2020" refers to our fiscal year ended September 30, 2020.

Our reporting currency is the Renminbi. This annual report on Form 20-F also contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader. Unless otherwise stated, all translations from Renminbi to U.S. dollars were made at RMB6.7896 to US$1.00, the noon buying rate on September 30, 2020 set forth in the H.10 statistical release of the U.S. Federal Reserve Board. We make no representation that the Renminbi or U.S. dollar amounts referred to in this annual report could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. The PRC government restricts or prohibits the conversion of Renminbi into foreign currency and foreign currency into Renminbi for certain types of transactions. On February 5, 2021, the noon buying rate set forth in the H.10 statistical release of the Federal Reserve Board was RMB6.4664 to US$1.00.

Names of certain companies provided in this annual report are translated or transliterated from their original Chinese legal names.

Discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. Known and unknown risks, uncertainties and other factors, including those listed under "Item 3. Key Information—D. Risk Factors," may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigations Reform Act of 1995.

You can identify some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements relating to:

- our mission and strategies;
- our ability to continue as a going concern;
- our ability to achieve or maintain profitability;
- general economic and business condition in China and elsewhere, particularly the long-term apartment rental market and government measures aimed at China's real estate industry and apartment rental industry;
- health epidemics, pandemics and similar outbreaks, including COVID-19;
- competition in the apartment rental industry;
- our future business development, financial condition and results of operations;
- our expectations regarding demand for and market acceptance of our apartments and services;
- our ability to attract and retain tenants and landlords, including tenants and landlords from our acquired lease contracts;
- our ability to control the quality of operations, including the operation of our rental apartments managed by our own apartment managers or by third-party contractors;
- our ability to integrate strategic investments, acquisitions and new business initiatives; and
- our relationship with financial institution partners and third-party product and service providers.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. You should thoroughly read this annual report and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This annual report contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. Our industry may not grow at the rate projected by market data, or at all. Failure of this market to grow at the projected rate may have material and adverse effect on our business and the market price of our ADSs. In addition, the rapidly changing nature of China's branded long-term apartment rental industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following selected consolidated statements of comprehensive loss data and selected consolidated cash flows data for FY 2017, FY 2018, FY 2019 and FY 2020, and selected consolidated balance sheets data as of September 30, 2018, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this annual report beginning on page F-1. Our selected consolidated balance sheets data as of September 30, 2017 has been derived from our audited consolidated financial statements not included in this annual report. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results do not necessarily indicate results expected for any future periods. You should read this Selected Financial Data section together with our consolidated financial statements and the related notes and "Item 5. Operating and Financial Review and Prospects" below.

The following table presents our selected consolidated statements of comprehensive loss data for FY 2017, FY 2018, FY 2019 and FY 2020.

	FY 2017	FY 2018	FY 2019	FY 2020	
	RMB	RMB	RMB	RMB	US$
		(in thousands, except for share, per share and per ADS data)			
Selected Consolidated Statements of Comprehensive Loss Data:					
Net revenues:					
Rental service revenue	508,910	796,940	1,089,164	1,105,172	162,774
Value-added services and others	13,827	92,997	144,606	102,791	15,139
Total net revenues	522,737	889,937	1,233,770	1,207,963	177,913
Operating costs and expenses:					
Operating cost	(547,618)	(897,959)	(1,304,992)	(1,203,415)	(177,245)
Selling and marketing expenses	(42,008)	(117,826)	(135,413)	(63,512)	(9,354)
General and administrative expenses	(34,353)	(84,953)	(108,196)	(102,769)	(15,136)
Research and development expenses	(44,160)	(51,947)	(47,029)	(24,934)	(3,672)
Pre-operation expenses	(19,934)	(117,107)	(42,661)	(14,245)	(2,098)
Impairment loss	(22,750)	(50,614)	(46,213)	(846,766)	(124,715)
Loss from disposal of property and equipment	—	—	—	(468,980)	(69,073)
Other (expense) income, net	(1,460)	4,034	2,427	15,881	2,339
Total operating costs and expenses	(712,283)	(1,316,372)	(1,682,077)	(2,708,740)	(398,954)
Loss from operations	(189,546)	(426,435)	(448,307)	(1,500,777)	(221,041)
Interest expense, net	(50,136)	(77,167)	(91,914)	(130,206)	(19,177)
Foreign exchange gain (loss), net	3	(91)	(457)	(62)	(9)
Fair value change of contingent earn-out liabilities	(5,165)	6,164	42,404	97,417	14,348
Loss before income taxes	(244,844)	(497,529)	(498,274)	(1,533,628)	(225,879)
Income tax expense	(596)	(2,393)	(63)	(13)	(2)
Net loss	(245,440)	(499,922)	(498,337)	(1,533,641)	(225,881)
Less: net income (loss) attributable to noncontrolling interests	35	(63)	(95)	(49)	(7)
Net loss attributable to Q&K International Group Limited	(245,475)	(499,859)	(498,242)	(1,533,592)	(225,874)
Deemed dividend	(58,763)	(135,545)	(307,389)	—	—
Net loss attributable to ordinary shareholders	(304,238)	(635,404)	(805,631)	(1,533,592)	(225,874)
Net loss per share attributable to ordinary shareholders of Q&K International Group Limited—Basic and diluted	(0.86)	(1.55)	(1.87)	(1.14)	(0.17)
Weighted average number of ordinary shares used in computing net loss per share—Basic and diluted	354,861,449	409,403,915	430,450,490	1,351,127,462	1,351,127,462

The following table presents our selected consolidated balance sheet data as of September 30, 2017, 2018, 2019 and 2020.

Selected Consolidated Balance Sheets Data:	As of September 30,				
	2017	2018	2019	2020	
	RMB	RMB	RMB	RMB	US$
			(in thousands)		
Assets					
Current assets:					
Cash and cash equivalents	365,115	103,752	159,799	22,879	3,370
Restricted cash	2,000	15,000	91,015	8,887	1,309
Accounts receivable	314	475	1,306	1,943	286
Amounts due from related parties	12,541	22,505	5,587	168	25
Prepaid rents and deposit	92,687	170,683	128,213	51,281	7,553
Advance to suppliers	27,270	17,079	64,028	16,043	2,363
Other current assets	42,118	118,445	146,559	101,803	14,994
Total current assets	542,045	447,939	596,507	203,004	29,900
Non-current assets:					
Property and equipment—net	578,331	1,320,822	1,185,311	358,022	52,731
Intangible assets—net	1,714	1,232	1,248	222,123	32,715
Land use rights	11,307	11,021	10,734	10,448	1,539
Other assets	201	389	5,946	57,133	8,415
Total assets	1,133,598	1,781,403	1,799,746	850,730	125,300
Liabilities and equity:					
Total current liabilities	1,173,179	1,969,883	1,697,111	1,961,740	288,935
Total non-current liabilities	386,389	590,654	913,501	883,440	130,115
Total liabilities	1,559,568	2,560,537	2,610,612	2,845,180	419,050
Total mezzanine equity	368,546	644,043	1,425,485	—	—
Total Q&K International Group Limited shareholders' deficit	(812,351)	(1,440,949)	(2,246,028)	(2,004,078)	(295,168)
Noncontrolling interest	17,835	17,772	9,677	9,628	1,418
Total shareholders' deficit	(794,516)	(1,423,177)	(2,236,351)	(1,994,450)	(293,750)
Total liabilities, mezzanine equity and shareholders' deficit	1,133,598	1,781,403	1,799,746	850,730	125,300

The following table presents our selected consolidated cash flow data for FY 2017, FY 2018, FY 2019 and FY 2020.

	FY 2017	FY 2018	FY 2019	FY 2020	
	RMB	RMB	RMB	RMB	US$
			(in thousands)		
Selected Consolidated Cash Flow Data:					
Net cash used in operating activities	(43,589)	(117,048)	(88,189)	54,841	8,078
Net cash used in investing activities	(285,518)	(674,298)	(351,450)	(138,670)	(20,406)
Net cash provided by (used in) financing activities	649,451	539,528	569,569	(134,924)	(17,979)
Effect of foreign exchange rate changes	(238)	3,455	2,132	(295)	(104)
Net increase (decrease) in cash, cash equivalents and restricted cash	320,106	(248,363)	132,062	(219,048)	(30,411)
Cash, cash equivalents and restricted cash at the beginning of the period	47,009	367,115	118,752	250,814	35,090
Cash, cash equivalents and restricted cash at the end of the period	367,115	118,752	250,814	31,766	4,679

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business, financial condition and results of operations are subject to various changing business, competitive, economic, political and social conditions. In addition to the factors discussed elsewhere in this annual report, the following are some of the important factors that could adversely affect our operating results, financial condition and business prospects, and cause our actual results to differ materially from those projected in any forward-looking statements.

Summary of Risk Factors

- We have a limited operating history in an emerging and rapidly evolving market, which makes it difficult to evaluate our future prospects and results of operations and may increase the risk that we will not be successful. In addition, our historical growth and financial condition may not be indicative of our future growth, profitability, and financial condition.
- The report of our independent registered public accounting firm on our consolidated financial statements includes an explanatory paragraph questioning our ability to continue as a going concern. We recorded net losses in the past and may not be able to continue as a going concern or achieve or maintain profitability in the future.
- Our business requires significant capital expenditure for sourcing, renovation and maintenance of rental apartments. Inability to access financing on favorable terms in a timely manner or at all would materially and adversely affect our business, results of operations, financial condition and growth prospects.
- The COVID-19 outbreak has adversely affected, and may continue to adversely affect, our business, results of operations and financial condition. We also face risks related to other health epidemics, natural disasters, civil and social disruptions and other outbreaks and catastrophes, which could materially and adversely affect our results of operations and financial condition.
- Tenants may terminate their leases during lease terms, exposing us to the risk of re-leasing our rental apartments, which we may be unable to do on a timely basis, on favorable terms or at all.
- We have relied on our tenants' rental prepayments to finance our growth. To the extent a lease agreement is terminated during the rental period covered by the prepayment, we need to return the unused prepaid rentals. If a significant number of the lease agreements are terminated early, our liquidity and financial condition may be materially and adversely affected.

- We rely on our cooperation with a limited number of financial institutions.
- Capital and credit market conditions may adversely affect our access to capital and/or the cost of capital, which could impact our future prospects, results of operations and growth prospects.
- Our business is susceptible to China's macro-economic conditions, particularly the long-term apartment rental market and government measures aimed at China's real estate industry and apartment rental industry.
- Our expansion into new markets may present increased risk.
- Strategic investments, acquisitions or new business initiatives may disrupt our ability to effectively manage our business and adversely affect our operating results. In addition, to the extent we fund these business initiatives through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted.
- We have started and may continue to expand our business by acquiring lease contracts and related fixtures and equipment of rental units from other rental service companies, and have engaged and may engage more third-party contractors to manage these rental units. We may not be able to control the quality of sourcing, renovation, marketing, maintenance and other rental unit management activities or participate in the tenant screening process. The third-party contractors may not manage the rental units according to the terms of our contracts or otherwise below standard, or do not continue to maintain or expand their relationship with us. These may materially and adversely affect our business, results of operation, financial condition and reputation.
- We have been, and may from time to time be, subject to claims, controversies, lawsuits and other legal and administrative proceedings, which could have a material adverse effect on our business, results of operations, financial condition and reputation.
- If the PRC government deems that the contractual arrangements in relation to our variable interest entity do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.
- We rely on contractual arrangements with our variable interest entity and its shareholders for a significant portion of our business operations, which may not be as effective as direct ownership in providing operational control.
- Any failure by our variable interest entity or its shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business.
- Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and results of operations.
- Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to us.
- We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have a material adverse effect on our business and results of operations.
- We rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary to make payments to us could have a material adverse effect on our ability to conduct our business.

- The market price for the ADSs may be volatile.
- An active market for the ADSs may not be maintained.
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for the ADSs and trading volume could decline.
- Conversion of the convertible notes and exercise of the warrants we issued may dilute the ownership interest of existing shareholders, including holders who had previously converted their convertible notes.

Risks Related to Our Business and Industry

We have a limited operating history in an emerging and rapidly evolving market, which makes it difficult to evaluate our future prospects and results of operations and may increase the risk that we will not be successful. In addition, our historical growth and financial condition may not be indicative of our future growth, profitability, and financial condition.

We have a limited operating history in the branded long-term apartment rental industry, which is an emerging and rapidly evolving market in China. We may not continue our growth or maintain our historical growth rates or financial condition. For example, our number of rental units contracted decreased by 17.5% from September 30, 2019 to September 30, 2020, compared to an increase of 3.2% from September 30, 2018 to September 30, 2019. You should not consider our historical growth or financial condition as indicative of our future performance.

You should consider our future operations in light of the challenges and uncertainties that we may encounter. These risks and challenges include, among other things:

- changes in national, regional or local economic, demographic or real estate market conditions;
- changes in laws and policies on rental housing, including but not limited to rent control laws or tenant protection laws;
- changes in job markets and employment levels on a national, regional and local basis;
- health epidemics, pandemics and similar outbreaks, including COVID-19;
- overall conditions in the rental market, including:
  - macroeconomic shifts in demand for rental homes;
  - inability to lease or re-lease homes to tenants on a timely basis, on attractive terms or at all; and
  - development of branded apartment rental industry in China;
- failure of tenants to pay rent when due or otherwise perform their obligations in connection with the lease;
- significant number of early terminations of leases;
- level of competition for suitable rental homes;
- our ability to expand and manage our apartment network and maintain rapid business growth;
- our ability to manage our procedures, control and systems under different business models, including for rental apartments managed by our apartment managers or by third-party contractors;
- our ability to maintain high occupancy rate and target rent levels;

- our ability to raise rents;
- costs and time period required to renovate rental homes;
- unanticipated repairs, capital expenditures or other costs;
- our ability to maintain or renew favorable terms with financing partners and other strategic partners;
- our ability to maintain, deepen and broaden cooperation with financial institutions, service providers and other third parties;
- our ability to develop more value-added products and services;
- our ability to effectively control our operating costs and expenses;
- our ability to maintain the proper functioning of our technology systems and infrastructure;
- disputes and potential negative publicity in connection with early termination of leases with landlords, rental collection, eviction proceedings, quality control and other aspects of our business;
- costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental or safety problems;
- decoration and supply capabilities;
- our ability to increase our brand awareness;
- our ability to attract and retain employees; and
- changes in U.S. accounting standards regarding operating leases.

In addition, we utilize a lease-and-operate model, under which we lease apartments, usually in bare-bones condition, and lease to tenants after renovation. Therefore, we are also subject to the risks inherent in a lease-and-operate model, including:

- upfront capital outlay for apartment sourcing and renovation;
- ongoing capital needs to maintain and operate apartments; and
- mismatch between our lease term with landlords, which generally provides a lease-in contract lock-in period of five to six years, subject to the extension for another two to three years at the option of landlords, and our lease term with tenants, which generally has a contracted term of 12 to 26 months and an average lock-in period of 9.3 months in FY 2020.

Any one or more of these factors could adversely affect our business, financial condition and results of operations.

The report of our independent registered public accounting firm on our consolidated financial statements includes an explanatory paragraph questioning our ability to continue as a going concern. We recorded net losses in the past and may not be able to continue as a going concern or achieve or maintain profitability in the future.

We incurred net losses in FY 2018, FY 2019 and FY 2020 of RMB499.9 million, RMB498.3 million and RMB1,533.6 million (US$225.9 million), respectively. As of September 30, 2020, we had an accumulated deficit of RMB3,809.5 million (US$561.1 million). Our net cash used in operating activities were RMB117.0 million and RMB88.2 million for FY 2018 and FY 2019, respectively, and our net cash generated from operating activities were RMB54.8 million (US$8.1 million) for FY 2020. Our balance of cash and cash equivalents has fluctuated and amounted to RMB103.8 million, RMB159.8 million and RMB22.9 million (US$3.4 million) as of September 30, 2018, 2019 and 2020, respectively. As of September 30, 2018, 2019 and 2020, our current liabilities exceeded our current assets by RMB1,521.9 million, RMB1,100.6 million and RMB1,758.7 million (US$259.0 million), respectively. Furthermore, in July 2020, to replenish and expand our rental units portfolio, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China at a total consideration of US$130 million, less certain liabilities to be assumed by us. To finance this acquisition, in July 2020, we issued series 1 and series 2 convertible notes in the aggregate principal amount of US$30.050 million at par and warrants to purchase 104,871 ADSs to Key Space (S) Pte Ltd and Veneto Holdings Ltd., and subsequently, from September 2020 to December 2020, we issued additional series 1 and series 2 convertible notes in the aggregate principal amount of US$12.03 million at par and warrants to purchase 67,696 ADSs to Key Space (S) Pte Ltd, pursuant to the convertible notes and warrant purchase agreements. We have paid US$5.8 million to the transferor to settle the first installment of the consideration as of the date of this annual report. The remaining consideration for the acquisition, which consists of US$23.2 million in cash and 128.6 million Class A ordinary shares, subject to adjustments based on terms and conditions set forth in the agreements, will be payable in installments upon reaching certain milestones linked to the transfer of lease contracts and other related assets. We will also issue in installments, to a third-party contractor that manages the rental units as previously announced, up to 99.6 million Class A ordinary shares, subject to certain performance indicators and other terms and conditions set forth in the agreement. In addition, our operations have been affected by the COVID-19 pandemic. See "—The COVID-19 outbreak has adversely affected, and may continue to adversely affect, our business, results of operations and financial condition. We also face risks related to other health epidemics, natural disasters, civil and social disruptions and other outbreaks and catastrophes, which could materially and adversely affect our results of operations and financial condition." These factors raise substantial doubt about our ability to continue as a going concern. We have adopted a series mitigation plans and actions as discussed in "Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources." However, future financing requirements will depend on many factors, including the scale and pace of the expansion of our apartment network, our efficiency in apartment operation, including apartment renovation and pricing, the expansion of our sales and marketing activities, and potential investments in, or acquisitions of, businesses or technologies, and there can be no assurance that these plans and arrangements will be sufficient to fund our ongoing capital expenditures, working capital, and other requirements. Inability to access financing on favorable terms in a timely manner or at all would materially and adversely affect our business, results of operations, financial condition, and growth prospects.

The report of our independent registered public accounting firm on our consolidated financial statements included elsewhere in this annual report includes an explanatory paragraph questioning our ability to continue as a going concern. Our financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern. If we are unable to continue as a going concern or achieve or maintain profitability, we may have to liquidate our assets, and the value we receive for our assets in liquidation or dissolution could be significantly lower than the values reflected in our audited consolidated financial statements. If we cease operations, it is likely that all of our investors would lose their investment. Our lack of cash resources and our potential inability to continue as a going concern may materially and adversely affect the price of our ADSs and our ability to raise new capital or to continue our operations.

In addition, we will need to generate increased revenue levels in future periods to become profitable, and, even if we do, we may not be able to maintain or improve profitability as we intend to continue to spend significant funds to expand our operations, including expanding our apartment network, developing and enhancing our technology systems and infrastructure, and expanding offerings of other value-added services. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue immediately or significantly to offset our operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this annual report, and unforeseen expenses, difficulties, complications and delays and other unknown events.

Our business requires significant capital expenditure for sourcing, renovation and maintenance of rental apartments. Inability to access financing on favorable terms in a timely manner or at all would materially and adversely affect our business, results of operations, financial condition and growth prospects.

We recorded negative working capital. As of September 30, 2018, 2019 and 2020, our current liabilities exceeded our current assets by RMB1,521.9 million, RMB1,100.6 million and RMB1,758.7 million (US$259.0 million), respectively. Our capital expenditures totaled RMB1,000.4 million, RMB172.1 million and RMB138.7 million (US$20.4 million) in FY 2018, FY 2019 and FY 2020, respectively. We are in need of additional funding to sustain and expand our business, and we have formulated a plan to address our liquidity problem, including but not limited to, cooperation with a rental service company to finance apartment renovation under a financing arrangement model, obtaining proceeds from our tenants' rental prepayment, and adoption of a stringent cash management policy. See "Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources." Our management reviews our forecasted cash flows on an on-going basis to ensure that we will have sufficient capital from a combination of internally generated cash flows and proceeds from financing activities, if required, in order to fund our working capital and capital expenditures. We believe that adequate sources of liquidity will exist to fund our working capital and capital expenditures, and to meet our short-term debt obligations, other liabilities and commitments as they become due.

We utilize a lease-and-operate model. Under this model, we generally incur substantial upfront capital outlay before we start to generate revenues on the relevant apartments. These include capital outlay for market research and evaluation of the target geographic area for expansion, apartment searching, prepayment of a few months' rental to our landlords, and renovation of the apartments we lease, which are usually in bare-bone condition, to add an additional bedroom and make them suitable for lease-out to tenants. We followed a disciplined and systematic process to expand our apartment network, involving comprehensive market research, site visits and other preparation work, during which period we may incur substantial operating costs and expenses. After we have identified the geographic area to expand into and available apartments to lease, the typical period from the time we enter into a lease agreement with landlords to successfully leasing out the apartment and receiving the first rental payments from tenants is approximately 83.3 days as of September 30, 2020, which may be significantly extended due to some factors that are beyond our control, including but not limited to, substantial delay during the renovation period due to third-party contractors' default, and inability to attract and retain tenants in a timely manner due to apartment rental market condition. Inability to timely access financing on favorable terms or at all would materially and adversely affect our apartment sourcing and expansion, which could materially and adversely affect our future business, results of operations, financial condition and growth prospects.

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

We cooperate with financial institutions which provide rental installment loans to our tenants to finance their rental prepayments, which have helped us finance our capital expenditure for apartment sourcing, renovation, and ongoing apartment maintenance and operation. Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants. As of September 30, 2020, 11.9% of rental payment made by our tenants had been facilitated by rental installment loans. However, the Opinions on Rectification and Normalization of Home-rental Market, which became effective on December 13, 2019, requires that a residential rental company, such as us, shall make sure that the total rental income it receives through rental installment loan does not exceed 30% of the rental income of such company by the end of 2022. Moreover, the Measures on Residential Tenancy (Discussion Draft) published by the Ministry of Housing and Urban-Rural Development of the PRC, or the MOHURD, for public discussion in September 2020, which has not taken effect as of the date of this annual report, state that (i) residential rental operators are prohibited from inducing tenants to utilize rental installment loans by providing rental discounts or by including any term of rental installment loans in the rental agreement; and (ii) commercial banks may extend a rental installment loan only if the lease agreement has been registered with local housing bureau and the term of the loan does not exceed the duration of the tenancy. We cannot assure you that we can find alternative sources of financing and our business operations, cash flow or financial condition would not be negatively affected by significantly reducing the percentage of our rental income received through rental installment loan.

The COVID-19 outbreak has adversely affected, and may continue to adversely affect, our business, results of operations and financial condition. We also face risks related to other health epidemics, natural disasters, civil and social disruptions and other outbreaks and catastrophes, which could materially and adversely affect our results of operations and financial condition.

We may be subject to social and natural catastrophic events that are beyond our control, such as health epidemics, natural disasters, civil and social disruptions and other outbreaks and catastrophes, which may materially and adversely affect our business, particularly in locations where we operate.

Since December 2019, a novel strain of coronavirus, or COVID-19, has become widespread in China and around the world. In March 2020, the World Health Organization declared the spread of COVID-19 a pandemic after characterizing it as a public health emergency of international concern in January 2020. Since the beginning of 2020, China has taken various restrictive measures to contain the spread of COVID-19, such as quarantines, travel restrictions and home office policies. This has resulted in a material and negative effect on the economy and apartment rental market in China and caused significant loss of our tenants, decrease in our occupancy rates and decrease in average rental rates of our rental units, particularly in the quarters ended March 31, 2020 and June 30, 2020, which in turn resulted in a decrease in our revenue. In FY 2020, our average month-end occupancy rate and the rental spread margin before discount for rental prepayments decreased as compared with FY 2019 mainly due to the impact of the COVID-19, pandemic. In addition, some of our employees and business partners were unable to return to work timely during the COVID-19 pandemic in China, which temporarily interrupted our operation. As a result, our business, results of operations and financial condition have been adversely affected by the COVID-19 pandemic.

In response to the challenges and uncertainties resulting from the COVID-19 pandemic and its impact on our business, we have actively taken actions including, but not limited to, reducing our costs and expenses, controlling our number of rental units contracted by reducing leases with landlords given the decrease in occupancy rate, taking necessary measures to sanitize our working spaces and apartments, modifying our cooperation with the rental service company, seeking additional financial support from banks and financial institutions and seeking consolidation opportunities through acquiring high quality assets.

As the COVID-19 pandemic has been under control in China, the apartment rental market and our business have been steadily recovering. However, because the situation of COVID-19 is very fluid, we cannot predict whether or when the spread of COVID-19 may recur in China or worldwide. We have offered, and may continue to offer, promotions to our tenants, such as discounts on the rentals we charge our tenants for, so as to retain tenants and maintain our occupancy rate. Moreover, we will continue to monitor the quality of our rental units contracted, available rental units and other asset portfolio, and seek additional source of funds and acquisition opportunities. Our business, results of operations, financial conditions and prospects may be materially and adversely affected if another wave of the COVID-19 pandemic or epidemic of another disease occur.

Tenants may terminate their leases during lease terms, exposing us to the risk of re-leasing our rental apartments, which we may be unable to do on a timely basis, on favorable terms or at all.

Our leases with tenants typically have a contracted lease term of 12 to 26 months. In FY 2020, our tenants stayed in our rental units for an average duration of 8.8 months. A majority of our lease-out agreements include a lock-in period (during which termination will result in forfeiture of deposit) of 12 months or longer after the move-in date. If the market rental rates decline, we anticipate our rental revenues may be affected greater than if our leases were for longer terms. For example, the market rental rates may decline if another wave of COVID-19 outbreak occurs in regions where we operate. Short-term leases may result in high turnover, which involves costs such as restoring the rental apartments, marketing costs and lower occupancy levels. Our estimates on tenant turnover rate and related cost may be less accurate than if we had more operating data upon which to base such estimates. On the other hand, we are subject to a five to six-year lease-in contract lock-in period, during which neither landlords nor us may terminate the lease without paying a penalty equal to the rentals for the remaining lease-in contract lock-in period, and continue to incur rental costs. If our monthly rentals received from tenants decrease or our tenants do not continue to stay with us, our business, results of operations and financial conditions will be materially and adversely affected.

In addition, tenants may terminate the lease during the lock-in period, subject to the forfeiture of their security deposits. In FY 2020, 72.6% of our leases with tenants were terminated before the expiration of the applicable lock-in period, increased from 49.0% in FY 2019 mainly attributable to (i) more tenants' relocation because they changed their jobs, (ii) the negative publicity of rental installment loans since 2019 and (iii) the cancellation of leases as some of our tenants could not return to the cities where they worked due to the COVID-19-related quarantine measures. In FY 2020, only 12.4% of our leases with tenants remained in their rental units through the end of the 26-month contracted lease term. Our liquidity may be materially and adversely affected by tenants' early termination. See "—We have relied on our tenants' rental prepayments to finance our growth. To the extent a lease agreement is terminated during the rental period covered by the prepayment, we need to return the unused prepaid rentals. If a significant number of the lease agreements are terminated early, our liquidity and financial condition may be materially and adversely affected." To the extent tenants terminate the lease during the lease term, our business, results of operation and financial condition may be materially and adversely affected.

We have relied on our tenants' rental prepayments to finance our growth. To the extent a lease agreement is terminated during the rental period covered by the prepayment, we need to return the unused prepaid rentals. If a significant number of the lease agreements are terminated early, our liquidity and financial condition may be materially and adversely affected.

We encourage tenants to prepay rentals by providing them with rental discounts during the lock-in period. We subsidize the interests on the rental installment loans, which the tenants use to finance rental prepayments. In the event of rental installment loans, we typically receive from our financial institution partners a lump-sum payment covering up to 24 months' rent, which we can use to finance our growth without restrictions. Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants. See "Item 4. Information on the Company—B. Business Overview—Our Cooperation with Financial Institutions." These rental prepayments have helped us finance our capital expenditure for apartment sourcing, renovation, and ongoing apartment maintenance and operation.

However, our tenant may terminate the lease agreement during the rental period covered by the prepayment, subject to the forfeiture of his/her security deposit should such termination take place during the lock-in period. In addition, we may terminate the lease agreement with a tenant, for example, if the tenant defaults on the repayment of his/her rental installment loan, which is granted by our financial institution partner and used by the tenant to finance his/her rental prepayment.

To the extent a lease agreement is terminated before the rental period covered by the prepayment, whether by the tenant or by us, we shall, upon such termination, return the unused prepaid rents, typically in a lump sum, to the tenant, or to our financial institution partner where the tenant has used the rental installment loan granted by such financial institution to finance his/her rental prepayment. Since tenants who prepay rental for certain lease period can enjoy rental discount for the applicable lock-in period, and tenants who terminate the lease within the lock-in period are subject to forfeiture of their security deposits, our tenants may be incentivized to terminate their lease around the end or shortly after the expiry of the applicable lock-in period. In FY 2020, 72.6% of our terminated leases with tenants were terminated during the rental period covered by the prepayment. When a significant number of lease agreements are terminated during the rental period covered by the rental prepayments, we may not have sufficient immediate funds to return all unused rents, and we may not be able to timely re-possess the apartments and identify new tenants. See "—Our results of operation, financial condition, and reputation would be adversely affected if a significant number of our tenants fail to meet their obligations in connection with the lease." Failure to adequately manage our cash and liquidity could adversely affect our business, financial condition, results of operations and cash flows.

We rely on our cooperation with a limited number of financial institutions.

As of September 30, 2020, we cooperated with 7 financial institutions, which provide rental installment loans to our tenants to finance their rental prepayments. As of September 30, 2020, our largest and second largest financial institution partners accounted for 31.0% and 29.5% of the total amount of outstanding rental loans, respectively. In line with industry practice, we provide guarantee and may also provide additional credit enhancement in the form of security deposits to our financial institution partners with respect to tenants' repayment of the rental installment loans. As of September 30, 2020, rental payment of 11.9% of our occupied rental units had been facilitated by rental installment loans. Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants.

In addition, in August 2018, we started to cooperate with a rental service company owned by a state-owned bank in apartment sourcing and renovation. Under this model, for certain newly sourced apartments, we continue to be responsible for the entire operating process, including identifying potential apartments for rent, rental pricing and procuring and paying for apartment renovation. Once we have finished the renovation, the rental service company reimburses us for our costs incurred for the renovation. We make payments to the rental service company in installments equal to the reimbursed renovation costs plus interest and tax over a period of five years. At the end of the five-year period, the ownership of the renovation will be transferred to us. Under this arrangement, we also sell leasehold improvements and furniture, fixtures and equipment of certain existing apartments to the rental service company at carrying value and simultaneously lease them back. The cooperation has provided us with access to a stable source of low-cost capital to finance our apartment renovation upfront, which helps us scale in a cost-efficient manner. Due to the rising vacancy rate of our rental units caused by the COVID-19 pandemic, we decreased the number of apartment contracted by terminating some of the leases with landlords under this model. In April 2020, we also started to modify this cooperation for apartments in certain cities. For some apartments under this model, we no longer lease in apartments from the rental service company or enter into new lease-out agreements with tenants. Instead, we transferred existing leases with tenants to the rental service company. The rental service company maintains the lease-in agreements with the landlords of the apartments, collects rental from the tenants directly and enters into lease-out agreements with new tenants directly. We are engaged by the rental service company to manage these apartments. Pursuant to this arrangement, we are responsible for hiring and supervising the third-party contractor including in its identification of potential tenants and daily operation, and receives fee income equals to the rental income from tenants minus the rental fee to landlords. For each of these apartments, if the rental collected from the tenants is less than the rental paid to the landlords, we are required to pay the rental service company this difference. As of September 30, 2020, we had transferred 25,375 of our rental units contracted and managed these rental units under this modified cooperation.

If our financial institution partners reduce, discontinue or do not expand their cooperation with us, for example, as a result of changes in regulatory landscape, tightening of the credit market, default by a significant number of our tenants or otherwise, we may not be able to find alternative sources of financing on similar or better terms in a timely manner or at all, and as a result, our business, financial condition and growth prospects may be materially and adversely affected.

Capital and credit market conditions may adversely affect our access to capital and/or the cost of capital, which could impact our future prospects, results of operations and growth prospects.

In periods when the capital and credit markets experience significant volatility, the amounts, sources and cost of capital available to us may be adversely affected. We primarily use external financing to fund our expansion and renovation. If sufficient sources of external financing are not available to us on cost-effective terms, we could be forced to limit our expansion and renovation and/or take other actions to fund our business activities. If economic conditions deteriorate or credit market tightens, there can be no assurance that the scope of cooperation with those financial institutions would not be terminated or reduced. To the extent that we are able and/or choose to access capital at a higher cost than we have experienced in recent years, absent changes in other factors, our earnings per share and cash flows could be adversely affected. In addition, the price of our ADSs may fluctuate significantly and/or decline in a high interest rate or volatile economic environment.

In addition, rising interest rates could increase interest costs and could affect our ability to become profitable. We currently have, and may in the future incur floating interest rate debt, which subject us to interest risks. See "—Our outstanding and future indebtedness and capital lease and other financing arrangement payable may adversely affect our available cash flow and our ability to operate our business. In addition, we may not be able to obtain additional capital when desired, on favorable terms or at all." In addition, we pay the interest on our tenants' rental installment loans, which also exposes us to the risks associated with rising interest. If interest rates increase, our financing costs will also rise and our ability to become profitable could be adversely affected.

Our business is susceptible to China's macro-economic conditions, particularly the long-term apartment rental market and government measures aimed at China's real estate industry and apartment rental industry.

We conduct our apartment rental services business in China. Our business depends substantially on conditions of China's real estate industry, particularly the apartment rental industry. Demand for rental apartments in China has grown steadily in recent years before the outbreak of COVID-19, but the growth is often coupled with volatility and fluctuations in real estate transaction volume and prices as well as the employment rate, and was materially and adversely affected by the COVID-19 pandemic. Fluctuations of supply and demand in China's real estate industry and apartment rental industry are caused by economic, social, political and other factors outside our control. The Chinese economy has shown slower growth since 2012 compared to the previous decade, and this trend is likely to continue.

We target young people, including recent college graduates, entry level white collar workers and industry workers in cities with strong economic growth, net inflow of people, ambitious urban development plans and favorable policies supporting the development of the apartment rental market. Any severe or prolonged slowdown in China's economy, and slowdown or discontinuation of urbanization in our target markets may materially and adversely affect our business, financial condition and results of operations. In addition, there may be situations where China's residential real estate industry becomes over-heated and our platform becomes less appealing to tenants, landlords and our business partners, which could potentially adversely affect our business. Our occupancy levels and rental rates mainly depend on demands from our target tenants in the target markets. We have benefited in recent periods from the growth of the economy, rapid urbanization and geographic concentration affecting the real estate markets and apartment rental markets, including, in particular:

- soaring prices of residential real estates and extremely stringent home-buying requirements in top tier cities in China that have made it more difficult to purchase apartments, particularly for our target customers;
- favorable rental-related policies and other government support for increased rental options;
- increased number of "non-resident" population in top tier cities in China;
- favorable interest rates for financing and a strong and healthy credit market; and

- mismatch of supply and demand in China's long-term apartment rental market.

We do not expect these favorable trends in the apartment rental market to continue indefinitely. Lowered apartment purchase prices that make it more accessible to own apartments, unfavorable policies for the apartment rental markets or decrease of "non-resident" population in top tier cities may adversely affect the apartment rental market. A softening of the apartment rental market in our target areas would materially and adversely affect our business, financial condition and results of operations.

In recent years, PRC governmental authorities put forward favorable rental-related policies, including but not limited to, increasing rental housing supply, encouraging the development of modern rental companies, and reducing rental income taxes. These policies have in part driven our growth.

Meanwhile, the PRC governmental authorities also enact certain criteria to regulate the apartment rental market. For example, the State Council of the PRC promulgated Several Opinions of the General Office of the State Council on Accelerating the Cultivation and Development of the Home-Rental Market in 2016, which require the local housing authorities to strengthen the administration of the home-rental market participants, including residential tenancy enterprises, intermediary agencies and professionals, in coordination with relevant departments, and keep credit records of relevant market participants. Moreover, the MOHURD published the Measures on Management of Residential Tenancy and Home Sales (Discussion Draft) for public discussion in May 2017, which require the relevant PRC authorities to enhance scrutiny on (i) the terms of duration and rent adjustments in lease agreements, (ii) the filing of lease agreements, and (iii) residential tenancy enterprises. In addition, the Measures on Residential Tenancy (Discussion Draft) published by the MOHURD for public discussion in September 2020, which has not taken effect as of the date of this annual report, state that (i) residential rental operators are prohibited from inducing tenants to utilize rental installment loans by providing rental discounts or by including any term of rental installment loans in the rental agreement; and (ii) commercial banks may extend a rental installment loan only if the lease agreement has been registered with local housing bureau and the term of the loan does not exceed the duration of the tenancy. If the PRC governmental authorities adopt any prohibitive measures or policies with respect to rental housing, or the interpretation of current laws and regulations relating to the apartment rental market becomes more restrictive and rigorous, they may depress the apartment rental market, dissuade potential tenants from renting apartments, and cause a decline in average rental rates. Frequent changes in government policies may also create uncertainty that could discourage investment in real estate. Our business may be materially and adversely affected as a result of decreased demand of rental apartments that may result from government policies.

Our expansion into new markets may present increased risk.

We plan to expand in our existing cities and enter new cities which we believe have strong growth potential, for example, cities with strong economic growth, net inflow of people, ambitious urban development plans and favorable policies supporting the development of the branded long-term apartment rental market. To the extent our predictions or judgment on the market growth turn out to be inaccurate, we may not have sufficient supply or demand in the market to support our growth or achieve profitability. If we cannot maintain or increase occupancy levels and rental rates in our target markets to keep pace with rising costs of rents, renovation and operations, our business, results of operations, and financial condition may be adversely affected. See "—Our business is susceptible to China's macro-economic conditions, particularly the long-term apartment rental market and government measures aimed at China's real estate industry and apartment rental industry."

We followed a disciplined and systematic process to expand our apartment network, involving comprehensive market research, site visit and other preparation work. In addition, as we expand into new geographic areas, it takes time to ramp up the occupancy rate to our target level. For example, it took us eight months to ramp up the month-end occupancy rate in Hangzhou to above 90%. During the ramp up period, we may continue to incur upfront renovation costs and other operating costs and expenses without generating corresponding net revenues. For example, in FY 2018, we substantially expanded our apartment network in multiple cities, including Hangzhou, Wuhan and Nanjing, and incurred substantial upfront expenses in connection with our market research, preparation, and testing of our business models in these cities, and our selling and marketing expenses, general and administrative expenses, and pre-operation expenses as a percentage of our net revenues increased significantly from FY 2017 to FY 2018 primarily as a result thereof.

In addition, we may not be able to replicate our success in existing cities to new cities we target in a timely manner or at all, as they may have different regulatory and competitive landscape. This may adversely affect our results of operations and growth prospects.

For example, in early 2020, we started to expand our business to Sichuan and Chongqing by acquiring lease contracts with landlords and tenants and related fixtures and equipment for approximately 47,000 rental units in Sichuan and Chongqing from another rental service company. Pursuant to the agreement with this rental service company, we were required to pay a consideration of RMB580.0 million, consisting of cash and our Class A ordinary shares, subject to adjustments based on the quality of the assets according to the agreements, to this rental service company by the end of 2020. However, given the closing conditions were not fulfilled by September 30, 2020, this acquisition has been terminated in substance pursuant to the agreement. We did not pay any consideration, and the deposit of RMB200.0 million we paid in January 2020 was fully returned to us. We have agreed to pay back the RMB8.0 million (US$1.2 million) that this rental service company paid us before the termination of this acquisition. We also started to expand our business to Tianjin by acquiring lease contracts with landlords and tenants and related fixtures and equipment for some rental units in Tianjin in December 2019. Furthermore, to replenish and expand our rental units portfolio, in July 2020, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China at a total consideration of US$130 million, less certain liabilities to be assumed by us. Due to our lack of experience and recourses in regions that are new to us, we may not be able to operate and manage these rental units in an efficient and effective way, or at all. This may adversely affect our results of operations and growth prospects.

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

We may acquire or make investments in other companies, business, products, technologies or other assets along our business value chain to complement and expand our business. We may not be able to find suitable acquisition or investment candidates, and we may not be able to complete acquisition and investment on favorable terms, or at all. If we do not complete acquisition and investment as we expect, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisition and investment we complete could be viewed negatively by investors. In addition, to the extent we fund these business initiatives through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted. Furthermore, if we fail to successfully integrate such acquisitions or the technologies or other assets associated with such acquisitions into our company, the revenues and operating results of the combined company could be adversely affected. Acquisitions and investments are inherently risky and may not be successful, and they may disrupt our ongoing operations, divert management from their primary responsibilities, subject us to greater-than-expected liabilities and our expenses, and adversely impact our business, financial condition, operating results, and cash flows.

For example, in early 2020, we started to expand our business to Sichuan and Chongqing by acquiring lease contracts with landlords and tenants and related fixtures and equipment for approximately 47,000 rental units in Sichuan and Chongqing from another rental service company. Pursuant to the agreement with this rental service company, we were required to pay a consideration of RMB580.0 million, consisting of cash and our Class A ordinary shares, subject to adjustments based on the quality of the assets according to the agreements, to this rental service company by the end of 2020. However, given the closing conditions were not fulfilled by September 30, 2020, this acquisition has been terminated in substance pursuant to the agreement. We did not pay any consideration, and the deposit of RMB200.0 million we paid in January 2020 was fully returned to us. We have agreed to pay back the RMB8.0 million (US$1.2 million) that this rental service company paid us before the termination of this acquisition.

In addition, to replenish and expand our rental units portfolio, in July 2020, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China at a total consideration of US$130 million, less certain liabilities to be assumed by us. To finance this acquisition, in July 2020, we issued series 1 and series 2 convertible notes in the aggregate principal amount of US$30.050 million at par and warrants to purchase 104,871 ADSs to Key Space (S) Pte Ltd and Veneto Holdings Ltd., and subsequently, from September 2020 to December 2020, we issued additional series 1 and series 2 convertible notes in the aggregate principal amount of US$12.03 million at par and warrants to purchase 67,696 ADSs to Key Space (S) Pte Ltd, pursuant to the convertible notes and warrant purchase agreements. We have paid US$5.8 million to the transferor to settle the first installment of the consideration as of the date of this annual report. The remaining consideration for the acquisition, which consists of US$23.2 million in cash and 128.6 million Class A ordinary shares, subject to adjustments based on terms and conditions set forth in the agreements, will be payable in installments upon reaching certain milestones linked to the transfer of lease contracts and other related assets. We will also issue in installments, to a third-party contractor that manages the rental units as previously announced, up to 99.6 million Class A ordinary shares, subject to certain performance indicators and other terms and conditions set forth in the agreement.

We would need to integrate the rental units from asset acquisitions into our business, including but not limited to, integration of the systems and personnel to operate the rental units. As we lack experience in the integration and operation of rental units in regions that are new to us, we may not be able to integrate the rental units into our business in a cost-effective and timely manner, or at all. This integration also requires our management to allocate resources and time from rental units we currently operate and manage to these rental units. In addition, in the process of integrating these rental units, we may continue to rely on the information systems provided by the rental service company to operate these rental units before we transfer all required operating information to our own systems. We cannot ensure that the system provided by the rental service company, which may collect and store sensitive data of third parties, is secured and reliable. These may adversely impact our business, financial condition, operating results and cash flows.

We have started and may continue to expand our business by acquiring lease contracts and related fixtures and equipment of rental units from other rental service companies, and have engaged and may engage more third-party contractors to manage these rental units. We may not be able to control the quality of sourcing, renovation, marketing, maintenance and other rental unit management activities or participate in the tenant screening process. The third-party contractors may not manage the rental units according to the terms of our contracts or otherwise below standard, or do not continue to maintain or expand their relationship with us. These may materially and adversely affect our business, results of operation, financial condition and reputation.

In July 2020, one of our subsidiaries entered into agreements with a rental service company, Great Alliance Co-living Limited, and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China to replenish our rental units portfolio. Unlike rental units we directly operate and manage, these rental units had been renovated at the time we acquired the lease contracts. We have carried out due diligence to verify the authenticity and the quality of these rental units, including but not limited to site visits, calls with landlords and tenants of these rental units, and verification of the operating data such as occupancy rate and rental margin of these rental units provided by the rental service company. However, as these rental units are not sourced, renovated or furnished using our system, we did not monitor these processes and therefore we cannot ensure the quality of these rental units.

We have engaged a third-party contractor to manage these rental units, including but not limited to marketing, maintenance, tenant screening, communications with landlords and tenants. We take measures to supervise and control the quality of the contractor's management, including but not limited to monitoring operating data related to these rental units on a daily basis such as the number of new leases with tenants and amount of rental income, and reviewing the performance of these rental units each month. Even though we take these measures, we cannot assure you that the contractor will provide services that meet our requirements or will not have disputes with landlords, tenants or other third parties. Furthermore, as tenants of these rental units are not sourced using our system, we cannot participate in the selection process and ensure the reliability and effectiveness of other systems, and therefore we may not be able to ensure these tenants' creditworthiness. In addition, if the contractor discontinues its relationship with us, we may not be able to find an equivalent on a timely manner, or at all, or manage these rental units by our own team in an effective and efficient way, as we do not have sufficient experience in management of apartments or resources in locations such as Beijing, Chengdu, Changsha, Fuzhou, Hefei, Jinan, Kunming, Ningbo, Nanchang, Nanjing, Nanning, Qingdao, Suzhou, Xi'an, Tianjin, Shijiazhuang and Chongqing. These may materially and adversely affect our business, financial condition and results of operation.

We have been, and may from time to time be, subject to claims, controversies, lawsuits and other legal and administrative proceedings, which could have a material adverse effect on our business, results of operations, financial condition and reputation.

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

In particular, we may be exposed to various claims and disputes with our tenants, including but not limited to, those related to the terms set forth in the lease agreements. We take various measures to ensure that our tenants are aware of and understand the terms set forth in the lease agreements. These measures include, but are not limited to, requiring tenants to watch a video regarding important terms before entering into lease agreements, and video recording tenants read out important terms in the lease agreement and confirm they understand the lease agreement. However, our tenants may misunderstand the terms in the lease agreements, such as the length of the lease, upfront payment terms and terms related to rental installment loans. These misunderstandings may lead to disputes between our tenants and us. For example, tenants may claim that they are not aware that the length of the contracted lease term is 12 to 26 months, or do not know their deposits may be forfeited when they terminate the lease during the lock-in period or otherwise breach the term of the lease. In addition, some claims and disputes with tenants may involve accidents, injuries or death in our rental apartments such as lawsuits if a tenant is assaulted or becomes victim of theft or other crime during his or her stay in our rental apartment. See "—Accidents, injuries or death in our rental apartments may adversely affect our reputation and subject us to liability." Moreover, we may be exposed to claims and disputes with third-party suppliers, including but not limited to, those related to the payment for the goods. Furthermore, we may be exposed to claims and disputes with our landlords, including but not limited to, those related to negotiation and renegotiation of rentals, and amendment and termination of the lease-in contracts. Such claims and disputes may be escalated to lawsuits or other legal proceedings and may distract our management, and materially and adversely affect our business and reputation.

Moreover, as of December 31, 2020, we were involved in 32 ongoing legal proceedings, most of which were initiated by our suppliers. The amount of the claims arising from these ongoing legal proceedings were RMB95.0 million (US$14.0 million) in aggregate. 12 of these legal proceedings have claims over RMB1.0 million (US$0.1 million). In particular, one of our suppliers, Shanghai Greenland Construction (Group) Co. Ltd., or Shanghai Greenland, filed a lawsuit against one of our subsidiary, alleging that we should pay Shanghai Greenland the construction fee and other related expenses and fees for the construction of our research and development center in Suzhou pursuant to a construction contract entered into by Shanghai Greenland and us. The amount of the construction fee and other related expenses and fees is approximately RMB58.0 million (US$8.5 million), which has been accounted for in the consolidated financial statements for FY 2020. As of the date of this annual report, this litigation is still ongoing.

In addition, in 2020, due to the COVID-19 pandemic, we terminated certain leases with landlords before the end of the original lease terms by sending landlords short messages indicating that the leases would be terminated on the specified dates and we would not assume any liability for the early termination of the leases. We had disputes with some of these landlords. Some landlords filed lawsuits against us for compensation aggregating RMB5.2 million (US$0.8 million), under which we estimated that we are exposed to the compensation of RMB5.2 million (US$0.8 million) and recorded the contingent liability in our balance sheet as of September 30, 2020. Certain landlords had expressed their objection to our early termination of leases but did not file lawsuits against us. These landlords had rights to file lawsuits against us within three years from the date of our early termination notice, for a maximum compensation of RMB51.9 million (US$7.6 million). This amount is equivalent to three months' rents of these leases, based on relevant trial guidance issued by the high people's courts in the PRC as advised by our PRC legal counsel, JunHe LLP. The actual compensation amount will be negotiated with each landlord and we did not accrue the contingent liability in our balance sheet as of September 30, 2020. As of the date of this annual report, a majority of these landlords have expressed their consents to the early termination of leases as set forth in the short messages, or have not raised any objection to the early termination of leases. As advised by our PRC legal counsel, JunHe LLP, pursuant to the PRC laws, the landlords may file lawsuits against us for the early termination of leases with the courts within three months from the date of our early termination notice, otherwise their claims will not be supported by the courts. These disputes, legal proceedings and potential legal proceedings has materially and adversely affected, and may continue materially and adversely affecting, our financial condition, business and reputation.

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

We face significant competition in the apartment rental market.

China's long-term apartment rental market is highly competitive. With the influx of new entrants and the expansion of current participants, we expect competition to continue and intensify, which could harm our ability to increase revenue and attain or sustain profitability. Our competitors include other branded apartment operators and apartment owners who directly rent their apartments to tenants. In addition, in response to increased cooling measures on housing sales, real estate developers may also pivot into standardized rental market. We believe the principal competitive factors in this industry include:

- ability to source suitable and sufficient apartments across multiple regions with favorable terms including contract length, rental-free period, rent-in costs, etc.;
- ability to use big data analytics to establish competitive lease terms with both landlords and tenants;
- ability to establish sustainable unit economic model;
- ability to renovate and operate rental apartments in an efficient and cost-effective manner;
- ability to achieve high standardization and manage a complex supply network;

- ability to maintain financial flexibility;
- geographic coverage and customer reach;
- ability to set up IT and internet infrastructure; and
- brand awareness and customer satisfaction, including the availability and range of value-added services to help foster a sense of community and loyalty among tenants.

We face competition for our sourcing of suitable apartments in our target markets. Our competitors may have better access to newer, better located apartments at lower cost. They may also have more rapid access to the information of available apartments, which helps them rent such apartments from owners before we receive such information. Moreover, our competitors may be more resourceful, have a lower cost of funds or better access to funding sources that may not be available to us. In addition, our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of rental apartments. Competition may result in fewer options of apartments available to us, higher rental rates to be paid by us, our acceptance of greater risk, lower yields and a narrower spread of yields over our financing costs. As a result, there can be no assurance that we will be able to identify suitable apartments that are consistent with our tenants' need, and our failure to accomplish the foregoing could have a material adverse effect on our business and results of operation.

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

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

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

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

PRC laws, regulations and policies concerning the apartment rental industry are developing and evolving. Although we have been taking measures to comply with laws, regulations and policies that are applicable to our business operations, the PRC government authority may promulgate new laws and regulations regulating the apartment rental industry in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws, regulations or policies relating to the apartment rental industry.

In recent years, some tier 1 cities in China have adopted the restrictions on group-oriented leasing. Group-oriented leasing refers to the practice of renting a single apartment to multiple tenants under separate leases, resulting in the over-crowding of such apartment. In particular, Beijing and Shanghai have expressly banned the lease of rental apartment providing living space of less than five square meters per capita. We typically convert the living room of our rental apartment to add an additional bedroom, which is known as N+1 model. While some local governments, including Shanghai, Hangzhou, Suzhou, Wuhan and Nanjing, do not consider N+1 model as group-oriented leasing, governmental authorities in other existing cities may implement restrictions that affect our N+1 model in the future. In addition, we cannot assure you whether any local governments may change its policies or interpret them in a manner that renders our N+1 model non-compliant. If we are deemed to violate local laws, regulations and policies, we may be subject to penalties and may need to adjust our business model, which may have a material and adverse effect on our business, results of operation, financial condition and growth prospects.

Moreover, the PRC government may institute a licensing regime covering our industry at some point in the future. For example, we cannot rule out the possibility that future laws or regulations will require us to register as real estate brokerage enterprise. Under the current PRC laws and regulations, enterprises operating real estate brokerage related business are required to register as real estate brokerage enterprise at local housing authorities. Pursuant to the Real Estate Brokerage Management Methods promulgated by MOHURD, only enterprises providing intermediary and agency services to the landlords in order to facilitate real estate transactions in return for commissions are deemed as a real estate brokerage enterprise, which is different from our business model, as advised by our PRC legal counsel, JunHe LLP. Therefore, we do not believe that our current business constitutes real estate brokerage under PRC laws and regulations and as a result our company shall not be subject to registration as a real estate brokerage enterprise. However, the Measures on Residential Tenancy (Discussion Draft), or the Draft, published by the MOHURD for public discussion in September 2020, if enacted, empowers MOHURD to further set up standards of qualification for residential rental operators on financial position, expertise and managing abilities. The Draft has not taken effect as of the date of this annual report. If any future laws and regulations deem our business as real estate brokerage or any other licensing regime or qualification requirement is introduced, we cannot assure you that we would be able to complete any newly required registration, obtain any newly required license or meet any qualification requirement in a timely manner, or at all, which could materially and adversely affect our business and impede our ability to continue our operations.

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

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

We depend on rental income from tenants for substantially all of our revenues. As a result, our success depends upon our ability to attract quality tenants for our rental apartments in a timely manner and at a low cost. We may not be successful in locating quality tenants to lease the rental apartments as quickly as we have expected or at all due to competition, market condition, delay in renovation or other factors. We incurred loss of tenants and decrease in occupancy rate due to the COVID-19 pandemic, particularly in the quarters ended March 31, 2020 and June 30, 2020. If vacancies continue for a longer period of time than we expect or indefinitely, or another wave of the COVID-19 pandemic or epidemic of other diseases occur, we may suffer reduced revenues, which may have a material adverse effect on us.

In July 2020, to replenish and expand our rental units portfolio, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China at a total consideration of US$130 million, less certain liabilities to be assumed by us. We started to operate these rental units from July 2020. We cannot ensure that, after the original lease terms expire, the existing tenants will enter into new lease contracts with us, or we can acquire new tenants in a timely manner, or at all, which may adversely impact our business, financial condition and operating results.

Our results of operation, financial condition, and reputation would be adversely affected if a significant number of our tenants fail to meet their obligations in connection with the lease.

Our results of operation, financial condition, and reputation would be adversely affected if a significant number of our tenants fail to meet their obligations in connection with the lease. For instance, tenants may default on rental payments or repayment of rental installment loans. If a tenant defaults on his/her payment obligations after the applicable grace period, we may terminate the lease and re-possess the apartment pursuant to the lease agreement and the PRC laws and lease the apartment to a new tenant. However, we may not be able to find a new tenant in a timely manner or at all, and the security deposit of the defaulting tenant may not be sufficient to cover our lost rentals for the period in between the leases.

In addition, tenants may use our rental apartments for illegal purposes, damage or make unauthorized structural changes to our rental apartments, refuse to leave the apartment upon termination of the lease, engage in domestic violence or similar disturbances, disturb nearby residents with noise, trash, odors or eyesores, sublet our apartments in violation of our lease or permit unauthorized persons to live in our rental apartments. Damage to our rental apartments may delay re-leasing, necessitate expensive repairs or impair the rental income of the rental apartment resulting in a lower than expected rate of return.

We may not be able to successfully identify, secure and develop additional apartments in a timely fashion.

We plan to operate more rental apartments to further grow our business. We select locations which we believe would provide tenants with convenient access to core districts, major business development zones, and commercial centers, as well as affordability. However, we may not be successful in identifying and leasing additional apartments at the locations as desirable as we anticipated, for example, due to delays in the completion of infrastructure or other facilities surrounding such location, such as subway stations and business centers, and on commercially reasonable terms or at all. We may also incur costs in connection with evaluating apartments and negotiating with their owners, including apartments that we are subsequently unable to lease. We may also lease furnished apartments that we expect to be in good condition from landlords only to discover unforeseen defects and problems afterwards that prevent us from leasing them out to our tenants in a timely manner, or at all. In addition, we may not be able to develop additional rental apartments on a timely basis due to renovation delays. If we fail to successfully identify, secure or develop in a timely fashion additional apartments, our ability to execute our growth strategy could be impaired and our business and prospects may be materially and adversely affected.

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

We plan to renew our existing leases with landlords upon expiration. We cannot assure you, however, that we will be able to renew our leases with landlords on satisfactory terms, or at all. In particular, as the lease-in contract lock-in period of 27.6% of our lease-in contracts as of September 30, 2020 would expire by the end of FY 2021 and rents may be re-negotiated, we may incur significant increases in rents. In the nine months ended September 30, 2020, 48.4% of our leases with landlords, or leases of 47,103 rental units, were terminated as we strategically reduced the number of leases with landlords to reduce the rentals we need to pay to the landlords, in response to the lower tenant demand and thus, lower occupancy rate and revenues from tenants which were not sufficient to cover the rentals we need to pay to the landlords due to the COVID-19 pandemic in China. This helped us to mitigate the adverse effect of the COVID-19 pandemic on our business, cash flow and financial conditions. If we fail to renew our leases with landlords or a significant number of our existing leases with landlords are not renewed on satisfactory terms upon expiration, our expansion may be impeded and our costs may increase. If we are unable to pass the increased costs on to our tenants through rental rate increases, our operating margins and earnings could decrease and our results of operations could be materially and adversely affected.

In July 2020, to replenish our rental units portfolio, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China at a total consideration of US$130 million, less certain liabilities to be assumed by us. We started to operate these rental units from July 1, 2020. The existing landlords may not be willing to enter into new lease contracts with us on terms favorable to us and in a timely manner, or at all, upon expiry of the lease. In addition, we cannot assure you that all the landlords have the legal rights to lease the rental units to us, or the rental service company has the legal rights to transfer the related fixtures and equipment to us. These may adversely impact our business, financial condition and operating results.

Early termination of the leases or breach of leasing agreements by landlords may materially and adversely affect our operations.

Our leases with landlords typically provide for a minimum term of five to six years, or lease-in contract lock-in period, some of which may be extended for up to two to three years at the discretion of landlords, with locked-in rents for the first two or three years, with approximately 5% annual, non-compounding increase in rents for the rest of the lease period. Landlords may terminate the leasing agreements before the end of their term for various reasons. Historically, approximately 1% of our landlords terminated the leases during the lease term. If the lease with a landlord is terminated before expiration or breached the leasing agreements, making the apartments no longer available, we would have to terminate our lease agreements with our tenants who resided in such apartments and return the residue of pre-paid rents to such tenants or financial institutions in the scenario of rental installment loans. Alternatively, we would facilitate tenants to relocate to another apartments of ours and subsidize their relocation-related expenses. In either way, we may incur additional costs and expenses. In addition, although our lease agreements generally provide that landlords shall pay a penalty equal to the rents of the remaining period for early termination, the penalty may be lowered if the court deems the penalty prescribed under our lease agreements to be excessively unfair, i.e., 30% higher than the actual losses we incurred. There can be no assurance that we are able to receive fair compensation for our losses, and our business, results of operations and financial condition could be materially and adversely affected by landlords' early terminations.

Our estimation of potential rents involves a number of assumptions that may prove inaccurate, which could result in us paying too much rents for apartments we lease in or overestimating the rents to be paid by our tenants.

In determining whether a particular apartment meets our criteria, we make a number of assumptions, including, among other things, assumptions related to estimated time of negotiation with landlord, estimated renovation costs and time frames, annual operating costs, market rental rates, potential rent amounts, time from lease to sublease and tenant default rates. These assumptions may prove inaccurate, particularly since the apartments we rent from landlords vary materially in terms of renovation, quality and type of construction, geographic location. For example, we utilize our proprietary smart pricing system, or the Smart Pricing System, to collect and analyze the average market rental rates of apartments similar to our rental apartments in the surrounding area and gauge the potential rent amounts of our rental apartments, which partially relies on the publicly available information from the internet and may be inaccurate. See "—We are highly dependent on information systems, and if our information systems contain undetected errors and ineffective algorithm, or we fail to properly maintain or promptly upgrade our technology, our results of operations and financial condition may be materially and adversely affected." As a result, we may pay too much for apartments we lease in and/or overestimate the rents we may charge our tenants, or our rental apartments may fail to perform as anticipated. See "—We may not be able to successfully identify, secure and develop additional apartments in a timely fashion."

We assess the financial impact of our underperformed apartments that do not meet the projected operating targets by recognizing impairment loss. We perform an assessment of the carrying value of leasehold improvements and furniture, fixtures and equipment used in each rental apartment at least on a quarterly basis. If the carrying amount of the assets exceeds its expected undiscounted cash flows, we will recognize an impairment loss equal to the difference between the carrying amount and the fair value. In FY 2018, FY 2019 and FY 2020, we incurred impairment loss on long-lived assets of RMB50.6 million, RMB46.2 million and RMB846.8 million (US$124.7 million), respectively. If a larger number of our apartments underperform, our impairment loss would increase, and our results of operations and financial condition would be materially and adversely affected.

Our legal right to lease certain rental apartments could be challenged by apartment owners or other third parties or subject to government regulation, which may adversely affect our business, results of operations, financial condition and growth prospects.

As we lease our rental apartments from the landlords, we do not hold any land use rights with respect to the land on which our rental apartments are located nor do we own any of the rental apartments we sublease to tenants. Instead, our business model relies on leases with third parties who either own or lease the apartments from the ultimate owners. We have not been provided with the ownership certificates of approximately 52.2% of our rental apartments due to various reasons, including but not limited to landlords' inability to obtain ownership certificates when the lease agreements were executed, in which case we would require the landlords to provide us with other supporting documents to prove their legitimate titles to the apartments in question. For example, a substantial number of our leased-in apartments are real property which is settlement of and compensation for housing demolition. In China, an owner of such real property cannot apply for or acquire the ownership certificate until the lock-up period for sale of such real property (typically five years) expires, although he or she has the right to possess, use, benefit from and dispose of (other than sale) such real property during the lock-up period. On the other hand, PRC laws expressly provide that the ownership certificate of a real property shall be the legal proof of the title to such real property, and it remains unclear whether any other documents can serve as a legal proof in lieu thereof. As a result, to the extent the person with whom we enter into a lease-in contract with fails to provide us with the ownership certificate of the rental apartment, we cannot ensure that he or she has the rights with respect to such apartment, including but not limited to leasing such apartment to us and allowing us to lease such apartment to our tenants. While we have performed our due diligence to verify the rights of our landlords to lease such apartments, we cannot assure you that our rights under those leases will not be challenged by other parties including government authorities.

Under the PRC Civil Code, which has taken effect since January 1, 2021, only the owner can have the right, at its full discretion, to possess, use, benefit and dispose of its immovable or movable property pursuant to law. The creation, variation, transfer and extinguishment of immovable real right pursuant to law shall be effective upon registration, unless the law provides the contrary. Accordingly, the local registration authority will issue to the real property owner a property title certificate which clearly indicates the ownership of the property. If the lessee intends to sublease the leased property to a third party, it shall obtain the prior consent regarding such sublease from the owner, otherwise any unauthorized sublease may be unwound by the owner. Therefore, we require the landlords to provide the photocopies of their property title certificates when entering into the lease agreement, to ensure that we will be legitimately entitled to rent out the apartment to our tenants. However, the landlords of the properties offered by the governments to the landlords whose original properties are expropriated or demolished due to public interests, which account for a large portion of our rental apartments, may have not obtained the property title certificates in a timely manner due to certain local regulations and practices. In the event that landlords intend to lease their apartments to us before obtaining the property title certificates, as part of our due diligence for verification, we require the landlord to provide evidencing documents that can prove their ownership over the leased properties, including, among other things, (i) housing pre-sale contract, housing purchase agreement and housing purchase invoice, (ii) demolition compensation agreement and demolition settlement agreement, or (iii) the confirmation letter of random draw for demolition settlement properties, confirmation of housing selection, invoice of property management and utilities bills. However, these substitutive documents do not have the same legal force as the property title certificates, and thus it is possible that the party who signs the lease agreement is not the legal and beneficiary owner registered in the title certificate and the lease agreement may be invalidated, which may adversely affect our business, results of operations, financial condition and growth prospects.

In addition, a fraction of our apartments have defects on the land use rights. Under the PRC legal regime regarding the land use right, land shall be used strictly in line with the approved usage of the land. Any change as contemplated to the usages of land shall go through relevant land alteration registration procedures. If any state-owned land is illegally used beyond the approved usage, the land administrative departments of the PRC governments at and above the county level may retrieve the land and impose a fine ranging from RMB10 to RMB30 per square meter of such land. As for our daily operation, approximately 2.2% of our apartments, which we leased from several enterprises, are currently premised on the land with an industrial usage or on the rural collective-owned land, not on the land with a construction usage for dwelling house, which has been in contravention of the aforesaid legal requirements and may subject the landlords to the legal implications that the land is retrieved by the PRC government and a fine will be imposed on the landlord. Although we are not the direct subject of such administrative sanction, our business and operation may be adversely affected by such retrieval of land thus incurred.

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

Moreover, under PRC laws, all lease agreements are required to be registered with the local housing bureau. Although failure to do so does not in itself invalidate the leases, lessees may not be able to defend these leases against bona fide third parties and may also be exposed to potential fines if they fail to rectify such non-compliance within the prescribed timeframe after receiving a notice from the relevant PRC government authorities. While the majority of our standard lease agreements require our landlords to make such registration, most of our leases have not been registered, which may expose both our landlords and us to potential monetary fines ranging from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. We are in the process of registering more lease agreements. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the contract counterparties. Some of our rights under the unregistered leases may also be subordinated to the rights of other interested third parties.

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

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

Our success depends on our ability to lease apartments that can be quickly renovated, repaired and leased out with minimal expense and maintained in quality condition. Nearly all of our rental apartments require some level of renovation when we rent them from landlords or following departure of a previous tenant or otherwise. The majority of the apartments we source are in bare-bones condition with cement walls and floors and utility pipes only, which needs decoration and furnishing in a short period of time with heavy work. We may also source apartments that we expect to be in good condition only to discover unforeseen defects and problems that require extensive renovation and costs. Since February 2019, we have started to source decorated and furnished apartments from landlords. Under this model, depending on the decoration quality, we generally only need to add a wall to separate out an additional bedroom from the living room, furnish the additional bedroom, and install smart door locks to the apartment and each bedroom therein, thus substantially reducing our cost for renovation, compared to sourcing bare-bones apartments. Rental cost for furnished apartments, on the other hand, tend to be higher than bare-bones apartments. In addition, from time to time, we may perform ongoing maintenance to our rental apartments. Although we have developed a technology-driven, innovative project management system to centrally manage suppliers and contractors, monitor the renovation process, track delivery schedules, and exert quality control throughout out the entire apartment renovation process to control the timing, quality and costs, our system may not work effectively. See "—We are highly dependent on information systems, and if our information systems contain undetected errors and ineffective algorithm, or we fail to properly maintain or promptly upgrade our technology, our results of operations and financial condition may be materially and adversely affected." As a result, our ability to adequately monitor or manage any such renovations or maintenance may be adversely affected if our system does not work properly.

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

Accidents, injuries or death in our rental apartments may adversely affect our reputation and subject us to liability.

There are inherent risks of accidents or injuries in our rental apartments. One or more accidents or injuries such as fire accident, damage or loss of properties injury or death due to any criminal behavior or other misconducts or acts or omission of our tenants or others, slip and fall, other accidents or suicide, or spread of diseases such as the COVID-19, in any of our rental apartments could adversely affect our reputation among tenants and potential tenants, decrease our overall occupancy rates and increase our costs by requiring us to take additional measures to vet our tenants and make our safety precautions even more visible and effective. If accidents, injuries or death occur at any of our rental apartments, we may be held liable for costs related to the injuries. Please also refer to "—We do not maintain any insurance for our business, which could expose us to significant costs and business disruption."

In addition, if any incidents, particularly fire accidents, occur in any of our rental apartments that do not possess the relevant licenses, permits, title certificate or fire safety inspection certificate, or is located on properties where the actual use and the designated land or property use are inconsistent, there could be substantial negative publicity, thereby triggering large-scale government actions that impact all of our rental apartments, which in turn will have a material adverse impact on our business, results of operations and financial condition.

Environmental and fire hazards may adversely affect us.

Compliance with new or more stringent environmental laws or regulations or stricter interpretation of existing laws may require material expenditures by us. We may be subject to environmental laws or regulations or technical standards relating to the renovation of our rental apartments, such as those concerning poisonous volatile organic compounds or other issues. For example, under the relevant PRC laws, regulations and technical standards, we shall ensure that our rental apartments meet certain environmental standards, including the air quality and environmental protection standards for preventing the indoor environmental hazards generated by construction materials and decorative building materials. We may be subject to civil liabilities or administrative fines for our failure in compliance with all the environmental laws or regulations or technical standards relating to renovation of our rental apartments. Under the PRC laws, if the leased apartment imposes a threat to the safety or health of the tenant, then once the tenant is fully aware that the apartment is not of a satisfactory quality, the tenant is entitled to dissolve the lease agreement at any time. Therefore, we take measures to avoid environmental and fire hazards, including air quality monitoring after renovation and fire precaution measures. However, we cannot assure you that future laws, ordinances or regulations will not impose any material environmental or fire safety liability or that the current environmental condition of our rental apartments will not be affected by the activities of residents, existing conditions of the land, operations in the vicinity of the apartments or the activities of unrelated third parties. In addition, we may be required to comply with various fire, health, life-safety and similar laws and regulations. Failure to comply with applicable laws and regulations could result in fines and/or damages, suspension of the construction project, civil liability or other sanctions.

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

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

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

For example, we engage outside contractors for apartment sourcing and management functions. As of September 30, 2020, we had 2,022 apartment managers and 34 agents for apartment sourcing, of whom 1,976 and none was from our outside contractors, respectively. Although the apartment managers and agents for apartment sourcing are supervised by our regional supervisors who are our own employees at more senior positions, we cannot assure you that those from outside contractors will provide services that meet our requirements. Besides, the outside contractors may not continue to maintain or expand their relationship with us, and we may not be able to acquire additional apartment managers or agents for apartment sourcing on a timely manner or at all. These may materially and adversely affect our business, financial condition and results of operation.

Moreover, we engage third-party contractors and suppliers for our rental apartments' renovation. If these contractors or suppliers fail to finish the renovation on schedule or below standard, we may incur additional costs and delay to make our apartment suitable for leasing, and may not be able to rent out the apartments in a timely manner and with favorable terms, or at all. Below quality renovation may also expose us to potential complaints from tenants on the conditions of the apartments, including safety hazards as well as significant maintenance and repair costs. In addition, although it is our third-party contractors and suppliers' responsibility for the salaries of their employees, we may become a target towards which such employees demand their unpaid salaries if our third-party contractors and suppliers withhold or unreasonably deduct their salaries. Pursuant to the PRC Civil Code, where a debtor defaults on its debt obligations, the creditor shall be entitled to retain the already lawfully possessed movable property of the debtor, and have a priority over the movable property in satisfaction of its claim. Despite the fact that the decoration material are legally owned by us, not the third- party contractors or suppliers, we cannot eliminate the possibility that the unpaid employees may retain the decoration materials as a relief they think reasonable. As a result, we request our third-party contractors and suppliers to provide the evidence of payment once the salaries of their employees who have been involved in renovation and maintenance of our rental apartments are paid. However, we cannot assure you that we will not be sued or investigated for our third-party contractors or suppliers' unpaid salaries, or requested by the local governments to compensate such unpaid employees which may materially and adversely affect our reputation, financial condition and results of operation.

Furthermore, we cooperate with third parties for home cleaning, broadband internet access and other products and services to our tenants. Our customer satisfaction may be adversely affected as a result of any disruption or termination of services of our service provider or partners. In addition, our service providers frequently interact with our tenants. Notwithstanding our efforts to implement and enforce strong policies and practices regarding service providers, we may not successfully detect and prevent fraud, misconduct, incompetence, of our service providers including their employees or stability of their services, which may adversely affect our business and reputation.

A significant portion of our costs and expenses are fixed, and we may not be able to optimize our cost structure to offset declines in our revenue, which would adversely affect our financial condition and results of operations.

A significant portion of our operating costs and expenses, including but not limited to, overhead costs associated with the hiring of agents for apartment sourcing and apartment managers for apartment leasing out and management, employee base salaries, and rents we pay to our landlords, is fixed. Accordingly, a decrease in revenues could result in a disproportionately higher decrease in our earnings because our operating costs and expenses are unlikely to decrease proportionately. For example, the Chinese New Year holidays generally account for a lower portion of our annual revenues than other periods as people are less likely to move into new apartments or stay in rented apartments during that period, but our expenses do not vary as significantly with changes in occupancy and revenues as we need to continue to pay rents and salary and make regular repairs, maintenance and renovations throughout the year to maintain the attractiveness of our rental apartments. Furthermore, our apartment development and renovation costs may increase as a result of an increase in the cost of materials. However, we have limited ability to pass increased costs to tenants through rental rate increases as our rental in lease with our tenants are fixed during the lease term. Therefore, our costs and expenses may remain constant or increase even if our revenues decline, which would adversely affect our net margins and results of operations.

Our outstanding and future indebtedness and capital lease and other financing arrangement payable may adversely affect our available cash flow and our ability to operate our business. In addition, we may not be able to obtain additional capital when desired, on favorable terms or at all.

As of September 30, 2020, we had RMB533.2 million (US$78.5 million) bank borrowings, RMB54.5 million (US$8.0 million) rental installment loans from certain financial institutions and RMB444.6 million (US$65.5 million) capital lease and other financing arrangement payable. In August 2018, we started to cooperate with a rental service company owned by a bank to source and renovate apartments in Shanghai, Hangzhou and Wuhan, and we account for the arrangement as a capital lease and other financing arrangement. For further information, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources.” Recent interest rates in China have been at historically low levels, and any increase in these rates would increase our interest expense and reduce our funds available for renovation, operations and other purposes. Our current level of indebtedness increases the possibility that we may be unable to pay the principal amount of our indebtedness and other obligations when due. Our outstanding and future loans, combined with our other financial obligations and contractual commitments, could have negative consequences on our business and financial condition.

We believe that our cash, cash equivalents and restricted cash on hand will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. However, we need to make continued investment for our expansion and in facilities, hardware, software, technological systems and to retain talents to remain competitive. Due to the unpredictable nature of the capital markets and our industry, such as tenants’ unwillingness to prepay rental or utilize the rental installment loans, there can be no assurance that we will be able to raise additional capital on terms favorable to us, or at all, if and when required, especially if we experience disappointing operating results. If adequate capital is not available to us as required, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our infrastructure or respond to competitive pressures could be significantly limited. If we raise additional funds or otherwise fund our operation or investment through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted. These newly issued securities may have rights, preferences or privileges senior to those of existing shareholders.

If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately and timely report our financial results or prevent fraud, and investor confidence and the market price of our ADSs may be materially and adversely affected.

We are a public company listed in the United States subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to include a report of management on our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the second fiscal year after the completion of the IPO. In addition, once we cease to be an "emerging growth company" as such term is defined under the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. In the course of preparing and auditing our consolidated financial statements included in this annual report, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a "material weakness" is a deficiency or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified relates to lack of sufficient accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to (a) formalize and carry out key controls over financial reporting, (b) properly address complex accounting issues and (c) prepare and review consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC reporting requirements, and lack of a comprehensive accounting policy manual and closing procedure manual for its finance department to convert its primary financial information prepared under accounting principles generally accepted in the PRC into U.S. GAAP. We established an audit committee in November 2019. We have also engaged an internal control consultant to help us establish and improve our internal controls, hired additional accounting staff with appropriate understanding of U.S. GAAP and SEC reporting requirements, trained the existing financial reporting personnel and engaged an independent third party consultant to assist in establishing processes and oversight measures to comply with the requirements of Sarbanes Oxley Act. We are in the process of implementing a number of measures to address the material weakness that has been identified, including formalizing a set of comprehensive U.S. GAAP accounting manuals, hiring more qualified internal auditors to strengthen our overall governance, providing relevant training to our accounting personnel and upgrading our financial reporting system to streamline monthly and year-end closings and integrate financial and operating reporting systems. We also plan to take other steps to strengthen our internal control over financial reporting, including enhancing our internal audit function independently led by audit committee. Although we plan to implement these measures to address the material weakness, implementation of these measures may not fully remediate the material weakness in a timely manner.

Our management concluded that our internal control over financial reporting is not effective as of September 30, 2020. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, as we are a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Moreover, our internal control over financial reporting may not prevent or detect all errors and fraud. A control system, no matter how well it is designed and operated, it cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of the ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions.

We are highly dependent on information systems, and if our information systems contain undetected errors and ineffective algorithm, or we fail to properly maintain or promptly upgrade our technology, our results of operations and financial condition may be materially and adversely affected.

Our business relies heavily on our technology-driven, end-to-end systems that are highly technical and complex. Our website, mobile app and internal systems highly depend on the ability of such information systems to store, retrieve, process and manage immense amounts of data throughout each step of our operational process, including, but not limited to, apartment sourcing, price evaluation, room decoration, room display, contract signing and tenant services. For example, tenants need to use our proprietary mobile apps to sign agreements with us, pay rents, open the doors of the rental apartments and their bedrooms, reserve house-keeping services, etc. We also utilize our Smart Pricing System to evaluate the rents of our apartments. In addition, in July 2020, to replenish and expand our rental units portfolio, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China. In the process of integrating these rental units into our business, we may continue to rely on the information systems provided by the rental service company to operate these rental units before we transfer all required operating information to our own systems. Although we have taken measures such as manually verifying and reconciling data in the information systems provided by the rental service company with the journal accounts, we cannot ensure that these information systems are effective, reliable and efficient as they have not been fully controlled and monitored by us. The information systems on which we rely has contained, and may now or in the future contain, undetected errors or bugs. Errors, ineffective algorithm or other design defects within the information systems on which we rely may result in a negative experience for our tenants, landlords, third-party service providers, third-party contractors and our employees, delay introductions of new features or enhancements, result in errors or compromise our ability to protect user data or our intellectual property. Any errors, bugs or defects discovered in the information systems on which we rely could result in harm to our reputation, loss of tenants or landlords or liability for damages, any of which could adversely affect our business, results of operations and financial condition.

Security breaches, failure to maintain the integrity of internal or third-party data, cyber-attacks and other disruptions could compromise our information systems and expose us to costs, liabilities, fines or lawsuits, which would cause our business and reputation to suffer. In addition, actual or alleged failure to comply with data privacy and protection laws and regulations could have a serious adverse effect on our reputation.

Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyberattacks. In the ordinary course of our business we acquire and store sensitive data, including our intellectual properties, our proprietary business information and personally identifiable information, such as names, identification card numbers, contacts and electronic signatures, of landlords, tenants, employees and third party contractors and service providers. The secure processing and maintenance of such information is critical to our operations and business strategy. Our landlords, tenants, employees and third party contractors and service providers expect that we will adequately protect their personal information. We are required by applicable laws to keep strictly confidential the personal information that we collect and to take adequate security measures to safeguard such information. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by computer hackers, foreign governments or cyber terrorists or breached due to employee error, malfeasance or other unauthorized access or disruptions. Any such breach could compromise our networks and the information stored therein could be accessed, publicly disclosed, misused, lost or stolen. Because the techniques used by computer programmers who may attempt to penetrate and sabotage our proprietary internal and third-party data change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques.

The laws and regulations applicable to security and privacy are becoming increasingly important in China. Any unauthorized access, disclosure, misuse or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers or damage our reputation, any of which could adversely affect our results of operations, reputation and competitive position.

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

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

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

We depend significantly on the strength of our brand and reputation. If we, our employees, agents, third-party contractors, suppliers, financial institutions or other third parties that we cooperate with engage, or are perceived to engage, in misconduct, fraudulent acts or wrongdoing, our business or reputation could be harmed and we could be exposed to regulatory investigations, costs and liabilities.

We believe our "Qingke" brand is considered a leading player in the professionally-managed long-term apartment rental market in China. Our continued success in maintaining and enhancing our brand and image depends to a large extent on our ability to satisfy the needs of agents, real estate buyers and other market participants by further developing and maintaining quality of services across our operations, as well as our ability to respond to competitive pressure.

We have a team of agents for apartment sourcing and apartment managers to manage our apartments and tenants. In addition, we have engaged a third-party contractor to manage rental units in Beijing, Chengdu, Changsha, Fuzhou, Hefei, Jinan, Kunming, Ningbo, Nanchang, Nanjing, Nanning, Qingdao, Suzhou, Xi'an, Tianjin, Shijiazhuang and Chongqing after acquiring lease contracts with landlords and tenants and related fixtures and equipment for these rental units from another rental service company. Our agents for apartment sourcing and the contractors may directly reach to landlords, including but not limited to, negotiating the lease agreements with landlords, and our apartment managers and the contractor may directly reach out to tenants, including but not limited to, negotiating the lease agreements with tenants, regular communication with our tenants and inspecting the apartments. As a result, our success of business largely rely on their professionalism. If our agents for apartment sourcing and apartment managers and contractors have any misconduct, such as misrepresentation of the terms and conditions in the agreements when engaging landlords or tenants, our business or reputation could be harmed and we could be exposed to legal proceedings, costs and liabilities.

In addition, third parties that we cooperate with may be subject of various allegations. For example, there have been media reports where our tenant alleged that we and our financial institution partner failed to properly inform him when he entered into a rental installment loan agreement, even though we were not a party to the rental installment loan agreement and there were records showing that the tenant entered into the rental installment loan agreement knowingly. Although we and our financial institution partners have taken measures to avoid similar allegations, including requiring tenants to confirm that they fully understand they are entering into the rental installment loan agreement with a financial institution, we cannot assure you that incidences like this will not happen in the future. Moreover, the contractor we have engaged to manage rental units may have disputes with us, landlords, tenants or other third parties which may lead to negative media reports, litigations, etc. and harm our brand and reputation. Media reports of allegations against us or our partners, whether or not proven or with basis, could harm our reputation and impair our ability to attract and retain landlords and tenants. If we are unable to maintain a good reputation, further enhance our brand recognition, continue to cultivate user trust and increase the positive awareness of our website, mobile app and WeChat public accounts, our reputation, brand, financial condition and results of operations may be materially and adversely affected.

Any negative publicity with respect to us, our employees, business partners, contractors, the apartment rental industry in general, the rental installment loans, or our cooperation with other parties may materially and adversely affect our business and results of operations.

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

- maintain the reliability of our system;
- provide well maintained apartments to tenants;
- provide appropriate and explicit terms, including rental, to landlords and tenants;
- timely and effectively manage and resolve tenants and landlords inquiries, requests and complaints, such as returning the deposit and unused rental in a timely manner after the lease with tenant is terminated; and
- effectively protect personal information and privacy of our tenants, landlords, employees and third party contractors and service providers.

Any malicious or negative allegation made by the media, tenants, landlords or other parties about the foregoing or other aspects of our company, including but not limited to, our management, employees, business partners, contractors, business, compliance with law, financial condition and prospects, whether with merit or not, could severely compromise our reputation and harm our business and operating results.

In addition, negative publicity about rental installment loans, such as negative publicity about entering into rental installment loan agreements without tenants' acknowledgement, could harm our reputation and materially and adversely affect our business and results of operations.

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

Our business is subject to various compliance and operational requirements under PRC laws. For example, we are required to file the lease contract with the local real estate administration department. See "Item. 4 — B. Business overview — Regulations — Regulations Relating to Leasing." Furthermore, new regulations may be adopted in the future to increase our compliance efforts at significant costs. For example, national or local regulations requiring companies engaged in apartment rental to register as "apartment rental enterprise" are likely to be promulgated in our existing cities. As of the date of this annual report, all of our PRC subsidiaries that engaged in apartment rental have registered as apartment rental enterprises. We may not be in full compliance with all of the applicable requirements if they are adopted and become effective. Such failure to comply with applicable environmental, health and safety laws and regulations related to our business and apartment rental operation or obtain required permits may subject us to potential monetary damages and fines or the suspension of operations of our company.

In addition, pursuant to PRC regulations, the registered address of a PRC company should be the place where it mainly operates its business, and a PRC company is required to establish branch offices where it operates its business. We seek to register branch offices where we have business operations. However, we have not been able to establish branch offices in some of our existing locations, such as some districts in Beijing, Wuhan and Nanjing, and no penalties had been imposed by the relevant PRC regulatory authorities, as of the date of this annual report. If the PRC regulatory authorities determine that we are in violation of the relevant laws and regulations, we may be subject to penalties, including fines, and our business operations may be adversely affected.

Moreover, under PRC advertising laws and regulations, we shall ensure that our advertising content is true and accurate and in compliance with applicable laws and regulations. See "Item. 4 — B. Business overview — Regulations — Regulations on Consumer Protection." In addition, where a special government review is required for specific types of advertisements prior to internet posting, we are obligated to confirm that such review has been performed and approval has been obtained. Violation of these laws and regulations may subject us to penalties, including imposition of fines, orders to cease dissemination of the advertisements and orders to publish an announcement correcting the misleading information. While we have made significant efforts to ensure that our advertisements are in full compliance with applicable PRC laws and regulations, we cannot assure you that all the content contained in such advertisements is true and accurate and in compliance with laws and regulations, especially given the uncertainty in the interpretation of these PRC laws and regulations. If we are found to be in violation of applicable PRC advertising laws and regulations, we may be subject to penalties and our reputation may be harmed, which may have a material and adverse effect on our business, financial condition, and results of operations.

Failure to diversify our revenue streams and expand the market acceptance of our products and services may adversely affect our growth.

Most of our revenue in FY 2018, FY 2019 and FY 2020 was generated from rental income collected from our tenants. We have been expanding and continue to expand our products and services, such as Qingke Select, which is our membership-based new retail platform. However, we cannot assure you that our efforts to derive non-rental revenue may be successful. Our success depends on our cooperation with third parties and effectiveness of algorithm. See "—We depend on third parties for different aspects of our business and the services that we offer. Our business, results of operation, financial condition and reputation may be materially and adversely affected if the third parties do not continue to maintain or expand their relationship with us, or fail to provide services or products according to the terms of our contracts or otherwise below standard, or by the third parties operational failure." and "—We are highly dependent on information systems, and if our information systems contain undetected errors and ineffective algorithm, or we fail to properly maintain or promptly upgrade our technology, our results of operations and financial condition may be materially and adversely affected." Failure to diversify our business may expose our business to concentration risks and harm our operations. Furthermore, we may have limited or no experience in the development, provision, or marketing of non-rental services. As a result of the foregoing, our business may be placed at a disadvantaged position, and our business, financial condition, and results of operations may be adversely affected.

We use internet search engines, online marketplaces, WeChat and other social media to promote our brand, list our rental apartments and direct traffic to our website, mobile app and WeChat public accounts. If we fail to successfully implement these initiatives, we would not be able to attract sufficient tenants and our business would be adversely affected.

We have relied on internet search engines, online marketplaces, WeChat and other social media to promote our brand, list our rental apartments and direct traffic to our website, mobile app and WeChat public account and intend to further increase our usage on such channels in the future to attract more tenants. For example, we use search engine advertising services to promote our brand and rental apartments. We also list our available rental apartments on third-party online marketplaces and the potential tenant may make an appointment to visit and reserve such apartment by calling the number we post on such online marketplace. However, the search result rankings of our rental apartments' information through online marketplaces are beyond our control. Our competitors may cause their apartments' information to receive a higher search result ranking than ours in online marketplaces, or online marketplaces could revise their methodologies in a way that would adversely affect search result rankings of our rental apartments' information, which may adversely affect our results of operation. In addition, internet search engine providers could provide listings and other apartment rental information directly in search results or choose to align with our competitors. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future.

We plan to integrate our business with our WeChat public accounts and other social media applications to promote our brand and products. WeChat and other social media may make changes to their policies, which could hinder or impede potential tenants from being directed to our website or information of our rental apartments. Any reduction in the number of visitors directed to our website and mobile apps through our WeChat public accounts and other social media could also harm our business and operating results.

Any failure to protect our patents, trademarks, computer software copyright and other intellectual property rights could have a negative impact on our business.

Our business heavily relies on our intellectual properties and information systems throughout each step of our business. Our protection for our intellectual property and proprietary rights may not be adequate, and our business may suffer if third parties infringe on our intellectual property and proprietary rights.

We may not have sufficient intellectual property rights in all countries and regions where unauthorized third-party copying or use of our proprietary technology may occur and the scope of our intellectual property might be more limited in certain countries and regions. As of September 30, 2020, we had 33 computer software copyrights registered with the Copyright Protection Center of China. However, our existing and future computer software copyrights and/or patents may not be sufficient to protect our products, services, technologies or designs and/or may not prevent others from developing competing products, services, technologies or designs. We cannot predict the validity and enforceability of our copyrights and other intellectual property with certainty. Litigation or other proceedings may be necessary to enforce our intellectual property rights. Initiating infringement proceedings against third parties can be expensive and time-consuming, and divert management's attention from other business concerns. We may not prevail in litigation to enforce our intellectual property against unauthorized use.

We may be subject to intellectual property infringement or misappropriation claims by third parties, which may force us to incur substantial legal expenses and, if determined adversely against us, could materially disrupt our business.

We cannot be certain that our services, information systems, information provided on our website, WeChat public accounts and mobile apps, as well as third-party systems and apps we use do not or will not infringe patents, copyrights or other intellectual property rights held by third parties. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks or copyrights, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights.

The validity, enforceability and scope of intellectual property rights protection in internet-related industries, particularly in China, are uncertain and still evolving. For example, as we face increasing competition and litigation is frequently used to resolve disputes in China, we face a higher risk of being the subject of intellectual property infringement claims. Pursuant to relevant laws and regulations, internet service providers may be held liable for damages if such providers have reasons to know that the works uploaded or linked infringe the copyrights of others. In cases involving the unauthorized posting of copyrighted content by users on websites in China, there have been court proceedings but no settled court practice as to when and how hosting providers and administrators of a website can be held liable for the unauthorized posting by third parties of copyrighted material. Any such proceeding could result in significant costs to us and divert our management's time and attention from the operation of our business, as well as potentially adversely impact our reputation, even if we are ultimately absolved of all liability.

Our inability to use software licensed from third parties, including open source software, could negatively affect our ability to offer our services and subject us to possible litigation.

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

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

Failure to attract, motivate and retain quality personnel at a reasonable cost could jeopardize our competitive position. We also depend on the continued efforts of our senior management. We have experienced a leadership transition and this transition, along with the possibility that we may in the future be unable to retain and recruit qualified senior management team members and directors, may delay our development efforts or otherwise harm our business.

We have, from time to time in the past, experienced, and we expect in the future to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. There may be a limited supply of qualified individuals in some of the cities in China where we have operations and other cities into which we intend to expand. As a result, we may need to offer higher compensation and other benefits in order to attract and retain quality personnel in the future, which may increase our labor costs and adversely affect our business.

We must hire and train qualified managerial and other employees on a timely basis to keep pace with our growth while maintaining consistent quality of services across our operations in various geographic locations. We offer structured training programs provided by our Qingke College and regional management teams to our managerial and other employees so that they are equipped with up-to-date knowledge of various aspects of our operations and can meet our demand for high-quality services. If we fail to do so, the quality of our services may decline in one or more of our existing markets, which in turn may cause a negative perception of our brand and adversely affect our business.

We have experienced a leadership transition. Mr. Guangjie Jin resigned as our chief executive officer, chairman of the board of directors, director, chairman and member of the compensation committee and chairman and member of the nominating and corporate governance committee, effective January 28, 2021. Ms. Qiong Hong resigned as our director and member of the nominating and corporate governance committee, effective January 28, 2021. Mr. Zhaochun Zheng, Ms. Kaiyu Yao and Mr. Wing Cheung Ryan Law resigned as our directors, effective January 28, 2021. Mr. Chengcai Qu, our vice president, was appointed as our director, effective March 23, 2020, as our chief operating officer effective June 12, 2020, and as our chief executive officer, chairman of the board of directors, chairman and member of the compensation committee and chairman and member of the nominating and corporate governance committee effective January 28, 2021. Mr. Zhichen (Frank) Sun was appointed as our chief financial officer in January 2020. Ms. Jackie Qiang You was appointed as chief strategy officer and senior vice president in January 2020, and resigned in May 2020. On January 28, 2021, all outstanding share capital of Yijia Inc., which beneficially owns 180,389,549 Class B ordinary shares, was transferred from an affiliate of Mr. Guangjie Jin to High Gate Investments Ltd., which is beneficially owned by Mr. Edmund Koon Kay Tang, as reported in the Schedule 13D filed by High Gate Investments Ltd., among others, on February 2, 2021. Upon completion of this transfer, High Gate Investments Ltd. beneficially owns 180,389,549 Class B ordinary shares, representing 12.6% of the total outstanding ordinary shares and 59.0% of the aggregating voting power in our company.

We place substantial reliance on the experience and the institutional knowledge of members of our management team and directors. Our members of the management team are particularly important to our future success due to their substantial experiences in real estate, apartment rental and other related industries. Finding suitable replacements for our members of our management team could be difficult, and competition for such personnel of similar experience is intense. The loss of the services of one or more members of our management team due to their departures or otherwise could hinder our ability to effectively manage our business and implement our growth strategies. In addition, in the event that any dispute arises between us, on one hand, and any of our senior management, directors and qualified key personnel, on the other hand, our business, results of operation, financial condition and reputation may be materially and adversely affected.

We have granted, and may continue to grant, options, restricted share units and other types of awards, which may result in increased share-based compensation expenses.

We have granted, and may continue to grant, options, restricted share units and other types of awards to our employees and other persons who contributed to the success of our operations. We account for the compensation costs for our share-based incentives using a fair-value based method and recognize expenses in our consolidated statements of comprehensive loss in accordance with U.S. GAAP. As of the date of this annual report, we issued 86.0 million ordinary shares to Yijia Inc., which are reserved for share-based awards we have granted, or may grant in the future. As of the date of this annual report, we had granted an aggregate number of 70.0 million share options to certain management, employees and non-employees, 28.25 million of which had been forfeited as of the date of this annual report. As of the date of this annual report, the remaining 41.75 million shares options are outstanding. The expense we had recognized for these outstanding share options is US$2.1 million as of the date of this annual report. As of the date of this annual report, no RSU is outstanding. In addition, in September 2019, our board of directors approved our 2019 share incentive plan, or the 2019 Plan, to provide incentives to employees, officers, directors and consultants and promote the success of our business. The 2019 Plan became effective immediately upon the completion of our initial public offering. The maximum number of shares that may be issued under the 2019 Plan is 10% of the total outstanding shares as of the date of the consummation of our initial public offering. As of the date of this annual report, we have not granted any awards under the 2019 Plan.

We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to them in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. In addition, the ownership interests of our shareholders could be significantly diluted if we issue ordinary shares for share-based compensation.

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

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

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

In addition, we have been subject to stricter regulatory requirements in terms of entering labor contracts with our employees and paying various statutory employee benefits, including pensions, housing funds, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, as amended, or the Labor Contract Law, and its implementation rules, employers are subject to various requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

Under the PRC Social Insurance Law and the Administrative Measures on Housing Fund, employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance, and housing funds, and employers are required, together with their employees or separately, to pay the social insurance premiums and housing funds for their employees. Employers that fail to make adequate social insurance and housing fund contributions may be subject to fines and legal sanctions. We could be deemed to have failed to pay certain social insurance and housing fund contributions under the relevant PRC laws and regulation. If the relevant PRC authorities determine that we shall make supplemental contributions, that we are not in compliance with labor laws and regulations, or that we are subject to fines or other legal sanctions, such as order of timely rectification, and our business, financial condition and results of operations may be adversely affected.

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

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

Our revenues were generally higher during the three months ended September 30 of each year, as many students search for apartments in the cities where they are employed after graduation from universities. In addition, during and around the Chinese New Year holidays, which usually fall in January or February, our revenues were generally lower than the other period of the year as people are less likely to move into new apartments or stay in rented apartments during and around Chinese New Year holidays. As a result, even though our revenues rebound in March due to higher demand as labor forces come back to cities in search of jobs after the Chinese New Year holidays, our revenues were generally lower during the three months ended March 31 of each year. Additionally, the COVID-19 pandemic has adversely affected our seasonality pattern from January to August 2020. For these reasons, our results of operations may not be comparable from quarter to quarter and have been and may continue to be subject to seasonality.

We do not maintain any insurance for our business, which could expose us to significant costs and business disruption.

We do not have any business disruption insurance, litigation insurance coverage, insurance policies covering damages to our IT infrastructure or information system, insurance on properties or tenant safety insurance, or insurance for the contractors. Any disruption to our IT infrastructures or systems, business disruption, litigation or natural disaster could result in substantial cost to us and diversion of our resources, as well as significantly disrupt our operations, and have a material adverse effect on our business, financial position and results of operations.

Moreover, to improve our performance and to prevent disruption of our business, we may have to make substantial investments to deploy additional servers and backup our databases, which could increase our expenses.

Risks Related to Our Corporate Structure

If the PRC government deems that the contractual arrangements in relation to our variable interest entity do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of internet-based businesses, such as distribution of online information and other value-added telecommunication services, are subject to restrictions under current PRC laws and regulations. For example, foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider and any such foreign investor must have experience in providing value-added telecommunications services overseas and maintain a good track record in accordance with the Guidance Catalog of Industries for Foreign Investment promulgated in 2007, as amended in 2011, 2015 and 2017, and other applicable laws and regulations.

We are a Cayman Islands company and Shanghai Qingke Investment Consulting Co., Ltd., or the Q&K WFOE, our PRC subsidiary, is considered a foreign invested enterprise. To comply with PRC laws and regulations, we conduct our operations in China through a series of contractual arrangements entered into among the Q&K WFOE, Shanghai Qingke E-commerce Co., Ltd, or the VIE, and the shareholders of the VIE. As a result of these contractual arrangements, we exert control over the VIE and consolidate its operating results in our financial statements under U.S. GAAP. Shanghai Qingke Equipment Rental Co., the subsidiary of the VIE, has been operating our business, including, among others, operations of our *www.qk365.com* website since its incorporation. See “Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIE and its Shareholders” for more details. The VIE has obtained a value-added telecommunications service license for operations of internet content service, or the ICP License, from Shanghai Bureau of Communication Management on April 29, 2015, which will remain valid until March 31, 2021.

We believe that our corporate structure and contractual arrangements comply with the current applicable PRC laws and regulations. Our PRC legal counsel, JunHe LLP, based on its understanding of the relevant laws and regulations, is of the opinion that each of the contracts among the Q&K WFOE, the VIE and its shareholders are valid, binding and enforceable in accordance with their terms. However, as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, and the Telecommunications Regulations and the relevant regulatory measures concerning the telecommunications industry, there can be no assurance that the PRC government authorities, such as the Ministry of Commerce, or the MOC, the MIIT, or other authorities that regulate the foreign investment or the telecommunications industry, would agree that our corporate structure or any of the above contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the validity of these contractual arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations.

If our corporate structure and contractual arrangements are deemed by the MIIT or the MOC or other regulators having competent authority as illegal, either in whole or in part, we may lose control of our variable interest entity and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that we can achieve this without material disruption to our business. Further, if our corporate structure and contractual arrangements are found to be in violation of any existing or future PRC laws or regulations, or we or the VIE fails to obtain or maintain any required permits or approvals, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking our business and operating licenses;
- levying fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- shutting down our services;
- discontinuing or restricting our operations in China;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to change our corporate structure and contractual arrangements;
- restricting or prohibiting our use of the proceeds from overseas offering to finance our variable interest entity's business and operations; and
- taking other regulatory or enforcement actions that could be harmful to our business.

The imposition of any of the penalties above may materially and adversely affect our ability to conduct our business. In addition, it is uncertain whether any new PRC laws, regulations or rules relating to the "variable interest entity" structure will be adopted or if adopted, what they would provide. See "—Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations."

We rely on contractual arrangements with our variable interest entity and its shareholders for a significant portion of our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with the VIE and its shareholders to operate our website, *www.qk365.com*, as well as certain other complementary businesses. See "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIE and its Shareholders" for more details. These contractual arrangements may not be as effective as direct ownership in providing us with control over the VIE. For example, the VIE and its shareholders may fail to fulfill their contractual obligations with us, such as failure to maintain our website and use the domain names and trademarks in a manner as stipulated in the contractual arrangements, or taking other actions that are detrimental to our interests.

If we had direct ownership of the VIE, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by the VIE and its shareholders of their obligations under these contracts to exercise control over the VIE. However, the shareholders of the VIE may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate our business through the contractual arrangements with the VIE. Although we have the right to replace any shareholder of the VIE under the contractual arrangements, if any shareholder is uncooperative or any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC laws and arbitration, litigation and other legal proceedings, the outcome of which will be subject to uncertainties. See "—Any failure by our variable interest entity or its shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business." Therefore, our contractual arrangements with the VIE may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

Any failure by our variable interest entity or its shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business.

If the VIE or its shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective under PRC laws. For example, if the shareholders of the VIE were to refuse to transfer their equity interest in the VIE to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China (the arbitration provisions relate to the claims arising out of the contractual relationship created by the VIE agreements, rather than claims under the United States federal securities laws and do not prevent shareholders of our company from pursuing claims under the United States federal securities laws). Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final and parties cannot appeal arbitration results in court unless such rulings are revoked or determined unenforceable by a competent court. If the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the VIE and our ability to conduct our business may be negatively affected. See "—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to us."

The shareholders of our variable interest entity may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

The shareholders of the VIE may have potential conflicts of interest with us. These shareholders may not act in the best interest of our company or may breach, or cause the VIE to breach, the existing contractual arrangements we have with them and the VIE, which would have a material adverse effect on our ability to effectively control the VIE and receive economic benefits from it. For example, the shareholders may be able to cause our agreements with the VIE to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. Neither Bing Xiao or the management or shareholders of Xiamen Siyuan Investment Management Co., Ltd., shareholders of the VIE, are our management or employee. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive option agreement with these shareholders to request them to transfer all of their equity interests in the VIE to the Q&K WFOE or an entity or individual designated by us, to the extent permitted by PRC laws. If we cannot resolve any conflict of interest or dispute between us and the shareholders of the VIE, we would have to rely on legal proceedings, which could result in the disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

Contractual arrangements in relation to our variable interest entity may be subject to scrutiny by the PRC tax authorities and they may determine that we or our PRC variable interest entity owe additional taxes, which could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. The PRC Enterprise Income Tax Law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. We may face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among the Q&K WFOE, the VIE and the shareholders of the VIE were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the income of our affiliated entities in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by the VIE for PRC tax purposes, which could increase the tax liabilities of our affiliated entities without reducing the Q&K WFOE's tax expenses. In addition, if the Q&K WFOE requests the shareholders of the VIE to transfer their equity interests in the VIE at nominal or no value pursuant to these contractual arrangements, such transfer could be viewed as a gift and subject the Q&K WFOE to PRC income tax. Furthermore, the PRC tax authorities may impose late payment fees and other penalties on the VIE for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our variable interest entity's tax liabilities increase or if it is required to pay late payment fees and other penalties.

We may lose the ability to use and enjoy assets held by our variable interest entity that are material to the operation of our business if the entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

The VIE holds certain assets that are material to the operation of our business, including domain names and an ICP license. Under the contractual arrangements, the VIE may not and its shareholders may not cause it to, in any manner, sell, transfer, mortgage or dispose of its assets or its legal or beneficial interests in the business without our prior consent. However, in the event that the VIE's shareholders breach the contractual arrangements and voluntarily liquidate the VIE, or if the VIE declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If the VIE undergoes a voluntary or involuntary liquidation proceeding, independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

Risks Related to Doing Business in China

Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and results of operations.

Substantially all of our operations are located in China and all of our revenue is sourced from China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has generally experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control on the apartment rental industry. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, and since 2012, the Chinese economy has slowed down. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

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

The PRC legal system is based on written statutes and prior court decisions or legal cases have limited value as precedents. Since these laws, regulations and rules are relatively new and the PRC legal system continues to rapidly evolve, the application and interpretations of these laws, regulations and rules are not always uniform, are ambiguous and may be interpreted and applied inconsistently between different government authorities, and enforcement of these laws, regulations and rules involves uncertainties.

Developments in the apartment rental industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies that may limit or restrict us, which could materially and adversely affect our business and operations. See "—New laws, regulations and policies may be promulgated to strengthen the regulation on the apartment rental industry which may adversely affect our business, results of operations, financial condition and growth prospects."

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, 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. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules in a timely manner until sometime after the violation.

Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, could materially and adversely affect our business and impede our ability to continue our operations.

Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

The Foreign Investment Law was enacted by the second session of the thirteenth National People's Congress of the PRC on March 15, 2019. On December 12, 2019, the Implementation Regulations of Foreign Investment Law was promulgated by the State Council, which simultaneously came into force with the Foreign Investment Law on January 1, 2020. The Foreign Investment Law, together with the Implementation Regulations of Foreign Investment Law, replaced, in their entirety, the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. This law is the legal foundation for foreign investment in the PRC. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. The Implementation Regulations of Foreign Investment Law provide detailed rules for the principles of investment protection, promotion and management set forth in the Foreign Investment Law.

However, uncertainties still exist in relation to interpretation and implementation of the Foreign Investment Law, especially in regard to, including, among other things, the nature of "variable interest entity" structure, the promulgation schedule of both the "negative list", or the Negative List, under the Foreign Investment Law and specific rules regulating the organization form of foreign-invested enterprises within the five-year transition period. As a result, the Foreign Investment Law may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects.

The "variable interest entity" structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See "—Risks Related to Our Corporate Structure" and "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIE and its Shareholders."

However, the promulgated Foreign Investment Law does not explicitly define VIE structure as a form of foreign investment or indicate what actions shall be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by Chinese parties. Moreover, it is uncertain whether the apartment rental industry, in which the VIE and its subsidiaries operate, will be subject to the foreign investment restrictions or prohibitions set forth in the "catalog of special administrative measures" to be issued. If companies with an existing VIE structure like us are required to complete the MOC market entry clearance, we face uncertainties as to whether such clearance can be timely obtained, or at all. If we are not able to obtain such clearance when required, our VIE structure may be regarded as invalid and illegal. As a result, we would not be able to

(i) continue our business in China through our contractual arrangements with the VIE and shareholders of the VIE,

(ii) exert control over the VIE,

(iii) receive the economic benefits of the VIE under such contractual arrangements, or

(iv) consolidate the financial results of the VIE.

Were this to occur, our results of operations and financial condition would be materially and adversely affected and the market price of our ADSs may decline.

The Foreign Investment Law mainly stipulates three forms of foreign investment, which includes: (a) a foreign investor, individually or collectively with other investors, establishes a foreign-invested enterprise within PRC, (b) a foreign investor acquires stock shares, equity shares, interests in assets, or other like rights and interests of an enterprise within PRC, and (c) a foreign investor, individually or collectively with other investors, invests in a new project within PRC. Despite the fact that the Foreign Investment Law does not explicitly stipulate the contractual arrangements or VIE structure as a form of foreign investment, it contains a general provision that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations, or provisions prescribed by the State Council." Therefore, there are possibilities that future laws, administrative regulations or provisions of the State Council of the PRC may stipulate contractual arrangements as a way of foreign investment, and then whether our contractual arrangements will be recognized as a foreign investment, whether our contractual arrangements will be deemed to be in violation of the access requirements of foreign investment and how our contractual arrangements will be interpreted and handled remain uncertain.

There is no guarantee that our contractual arrangements and the business of our consolidated VIE will not be materially and adversely affected in the future. If the contractual arrangements and business of our company, our PRC subsidiary or our variable interest entity are found to be in violation of any existing or future PRC laws or regulations, or we fail to obtain or maintain any of the required permits, approvals or clearance, the relevant governmental authorities would have broad discretion in dealing with such violation, including levying fines, confiscating our income or the income of our PRC subsidiary or the VIE, revoking the business licenses or operating licenses of our PRC subsidiary or the VIE, shutting down our servers or blocking our rental apartments listed on the internet, discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring, restricting or prohibiting our use of proceeds from our initial public offering to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business. In the extreme case-scenario, we may be required to unwind the contractual arrangements or dispose of our VIE which could have a material and adverse effect on our business, financial condition and result of operations. Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of the VIE, and/or our failure to receive economic benefits from the VIE, we may not be able to consolidate their results into our consolidated financial statements in accordance with U.S. GAAP.

The Foreign Investment Law, may also adversely impact our corporate governance practice and increase our compliance costs. For instance, the Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs. Aside from an investment information report required at each investment, and investment amendment reports, which shall be submitted upon alteration of investment specifics, it is mandatory for entities established by foreign investors to submit an annual report, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with these reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities. In addition, the Foreign Investment Law allows foreign invested enterprises established according to the existing laws regulating foreign investment to maintain their current structure and corporate governance during the five-year transition period. This infers that we may be required to adjust the structure and corporate governance of certain of our PRC subsidiaries in the transition period. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance requirements may lead to regulatory incompliance and hence materially and adversely affect our current corporate structure, corporate governance and business operations.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet-related businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have a material adverse effect on our business and results of operations.

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations.

We only have contractual control over the entities which own the domain name of our website or are registered as the owner of the mobile apps. We do not directly own the website or mobile apps due to the restriction of foreign investment in businesses providing value-added telecommunication services in China, including internet information provision services. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.

The evolving PRC regulatory system for the internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, the State Internet Information Office (with the involvement of the State Council Information Office, the MIIT, and the Ministry of Public Security). The primary role of this new agency is to facilitate the policy-making and legislative development in this field, to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the internet industry.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies including but not limited to those relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones. If the PRC government considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material adverse effect on our business and results of operations.

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

We are a holding company, and we rely on dividends and other distributions on equity paid by our PRC subsidiary for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our PRC subsidiary incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require our PRC subsidiary to adjust its taxable income under the contractual arrangements it currently has in place with the VIE and its shareholders in a manner that would materially and adversely affect their ability to pay dividends and other distributions to us. See "—Risks Related to Our Corporate Structure—Contractual arrangements in relation to our variable interest entity may be subject to scrutiny by the PRC tax authorities and they may determine that we or our PRC variable interest entity owe additional taxes, which could negatively affect our financial condition and the value of your investment."

Under PRC laws and regulations, our PRC subsidiary, as a wholly foreign-owned enterprise in China, may pay dividends only out of its accumulated after-tax profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such funds reaches 50% of its registered capital. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Our PRC subsidiaries generate primarily all of their revenue in Renminbi, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their Renminbi revenues to pay dividends to us.

In response to the persistent capital outflow and the Renminbi's depreciation against the U.S. dollar in the fourth quarter of 2016, the PBOC and the State Administration of Foreign Exchange, or SAFE, have implemented a series of capital control measures over recent months, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls and our PRC subsidiary's dividends and other distributions may be subjected to tighter scrutiny in the future. Any limitation on the ability of our PRC subsidiary to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also "—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

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

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds we receive from our offshore financing activities to make loans to or make additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiary, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiary are subject to the requirement of making necessary filings and registration with other governmental authorities in China. In addition, (a) any foreign loan procured by our PRC subsidiary is required to be registered with the SAFE, or its local branches, and (b) our PRC subsidiary may not procure loans which exceed the statutory limitation. Any medium or long term loan to be provided by us to a variable interest entity of our company must be recorded and registered by the National Development and Reform Committee and the SAFE or its local branches. We may not complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiary. If we fail to complete such recording or registration, our ability to use the proceeds we receive from our initial public offering and other offshore financing activities and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

In 2008, the SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142, which used to regulate the conversion by foreign-invested enterprises of foreign currency into Renminbi by restricting the usage of converted Renminbi. On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19. SAFE Circular 19 took effect as of June 1, 2015 and superseded SAFE Circular 142 on the same date. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using the Renminbi fund converted from their foreign exchange capitals for expenditures beyond their business scopes. On June 9, 2016, the SAFE promulgated the Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange, or SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, investment and financing (except for security investment or guarantee products issued by bank), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use in China the proceeds we receive from our offshore financing activities, which may adversely affect our business, financial condition and results of operations.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the price of the ADSs.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund (IMF) completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the RMB has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Substantially all of our revenue and costs are denominated in Renminbi. We are a holding company and we rely on dividends paid by our operating subsidiaries in China for our cash needs. Any significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from our initial public offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Governmental control of currency conversion may limit our ability to utilize our net revenues effectively and affect the price of the ADSs.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenues in RMB. Under our current corporate structure, our company in the Cayman Islands relies on dividend payments from our PRC subsidiary to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiary is able to pay dividends in foreign currencies to us without prior approval from the SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by the beneficial owners of our company who are PRC residents. But approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

In light of the flood of capital outflows of China in 2016 due to the weakening RMB, the PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement. More restrictions and substantial vetting processes are put in place by the SAFE to regulate cross-border transactions falling under the capital account. The PRC government may at its discretion further restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

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

The M&A Rules discussed in the preceding risk factor and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the MOC be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. For example, the M&A rules require that the MOC be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. The approval from the MOC shall be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the MOC when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules, issued by the State Council in August 2008 is triggered. In addition, the security review rules issued by the MOC that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOC, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOC or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiary's ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.

The SAFE promulgated the Circular on Relevant Issues Relating to PRC Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC residents or entities, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions.

SAFE Circular 37 is issued to replace the Circular on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments through Overseas Special Purpose Vehicles, or SAFE Circular 75.

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our PRC subsidiary may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiary. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with the requirements of SAFE Circular 37 or other applicable laws and regulations. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE Circular 37 or other applicable laws and regulations. Failure by such shareholders or beneficial owners to comply with SAFE Circular 37, other related regulations or failure by us to amend the foreign exchange registrations of our PRC subsidiary, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiary's ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

Any failure to comply with PRC regulations regarding the registration requirements for employee share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose vehicles. In the meantime, our directors, executive officers and other employees who are PRC citizens, subject to limited exceptions, and who have been granted share incentive awards by us, may follow the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plan of Companies Listed Overseas, promulgated by the SAFE in 2012, or the 2012 SAFE Notice. Pursuant to the 2012 SAFE Notice, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any share incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of share incentive awards and the purchase or sale of shares and interests. As a public company listed on NASDAQ, we and grantees of our share incentive awards who are PRC citizens or who reside in the PRC for a continuous period of no less than one year will be subject to these regulations. Failure to complete the SAFE registrations may subject the grantees of share incentive awards to fines and legal sanctions, and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional share incentive plans for our directors, executive officers and employees under PRC law. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Foreign Exchange—Regulations on Offshore Financing" for more details.

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

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation, or the SAT issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. See "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation" for more details. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that Q&K International Group Limited or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then Q&K International Group Limited or such subsidiary could be subject to PRC tax at a rate of 25% on its worldwide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, as described in the risk factor immediately below, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, dividends we pay with respect to the ADSs or ordinary shares and gains realized on the sale or other disposition of our ADSs or ordinary shares may be subject to PRC tax, and it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on the investment in the ADSs or ordinary shares.

Dividends payable to our foreign investors and gains on the sale of ADSs or ordinary shares by our foreign investors may become subject to PRC tax.

Under the PRC Enterprise Income Tax Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions, to the extent such dividends are derived from sources within the PRC. Similarly, any gain realized on the transfer of ADSs or ordinary shares by such investors is also subject to PRC tax at a current rate of 10%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends paid on our ordinary shares or the ADSs, and any gain realized from the transfer of our ordinary shares or the ADSs, may be treated as income derived from sources within the PRC and may as a result be subject to PRC taxation. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to individual investors who are non-PRC residents and any gain realized on the transfer of ADSs or ordinary shares by such investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions, if such dividends or gains are deemed to be from PRC sources. If we or any of our subsidiaries established outside China are considered a PRC resident enterprise, it is unclear whether holders of the ADSs or ordinary shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends payable to our non-PRC investors, or gains from the transfer of the ADSs or ordinary shares by such investors, are deemed as income derived from sources within the PRC and thus are subject to PRC tax, the value of your investment in the ADSs or ordinary shares may decline significantly.

We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a Chinese establishment of a non-Chinese company, or immovable properties located in China owned by non-Chinese companies.

On February 3, 2015, the SAT issued the Circular on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises, or Circular 7, which partially replaced and supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or SAT Circular 698, issued by the SAT on December 10, 2009. Pursuant to this Circular 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Circular 7, "PRC taxable assets" include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. Where the payor fails to withhold any or sufficient tax, the transferor is required to declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange. On October 17, 2017, the SAT promulgated the Bulletin of SAT on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or Bulletin 37, which became effective on December 1, 2017, and SAT Circular 698 then was repealed with effect from December 1, 2017. Bulletin 37, among other things, simplified procedures of withholding and payment of income tax levied on non-resident enterprises.

There is uncertainty as to the application of Circular 7 and Bulletin 37. We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions under Circular 7 or Bulletin 37. For transfer of shares in our company by investors that are non-PRC resident enterprises, our PRC subsidiary may be requested to assist in the filing under Circular 7 or Bulletin 37. As a result, we may be required to expend valuable resources to comply with Circular 7 or Bulletin 37 or to request the relevant transferors from whom we purchase taxable assets to comply with Circular 7 and Bulletin 37, or to establish that our company should not be taxed under Circular 7 and Bulletin 37, which may have a material adverse effect on our financial condition and results of operations.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the annual report based on foreign laws.

We are a company incorporated under the laws of the Cayman Islands, and we conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, most of our senior executive officers reside in China for a significant portion of the time and most of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or those persons inside mainland China. It may also be difficult for you to enforce in the United States courts judgments obtained in the United States courts based on the civil liability provisions of the United States federal securities laws against us and our officers and directors who reside and whose assets are located outside the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of the United States courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of reciprocity with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States.

Our former auditors are not inspected by the Public Company Accounting Oversight Board and, as such, our investors are deprived of the benefits of such inspection. In addition, various legislative and regulatory developments related to U.S.-listed China-based companies due to lack of PCAOB inspection may have a material adverse impact on our listing and trading in the U.S. and the trading prices of our ADSs.

Independent registered public accounting firms that issue the audit reports included in our annual reports filed with the U.S. Securities and Exchange Commission, or the SEC, as auditors of companies that are traded publicly in the United States and a firm registered with the U.S. Public Company Accounting Oversight Board, or the PCAOB, are required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards.

Because we have substantial operations within the PRC and the PCAOB is currently unable to conduct inspections of the work of our former independent registered public accounting firm as it relates to those operations without the approval of the Chinese authorities, our former independent registered public accounting firm is not currently inspected fully by the PCAOB. This lack of PCAOB inspections in the PRC prevents the PCAOB from regularly evaluating our former independent registered public accounting firm's audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections. Inspections of other firms that the PCAOB has conducted outside the PRC have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The inability of the PCAOB to conduct full inspections of auditors in the PRC makes it more difficult to evaluate the effectiveness of our former independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside the PRC that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

In addition, various legislative and regulatory developments related to U.S.-listed China-based companies due to lack of PCAOB inspection may have a material adverse impact on our listing and trading in the U.S. and the trading prices of our ADSs. The U.S. securities regulators (SEC and PCAOB) and their Chinese counterparts (the China Securities Regulatory Commission, or CSRC, and the PRC Ministry of Finance) have had numerous discussions on the PCAOB's ability to inspect or investigate the audit work of accounting firms that audit the financial statements of China-based companies, but these issues have not been resolved to the U.S.-side's satisfaction. Under U.S. securities laws, publicly listed companies are required to have their financial statements audited by independent public accounting firms registered with the PCAOB. Under the Sarbanes-Oxley Act of 2002, the PCAOB is required to inspect the PCAOB-registered accounting firms to assess compliance with auditing standards and bring enforcement actions for non-compliance with such standards. If requested by the PCAOB or the SEC, PCAOB-registered accounting firms are required to provide the audit work papers and other related information for inspection. Although discussions between the two sides have continued, the PCAOB currently does not have free access to inspect the work of auditors of China-based companies, including our company.

On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. The joint statement reflects a heightened interest in an issue that has vexed U.S. regulators in recent years. On April 21, 2020, the SEC and the PCAOB issued another joint statement, reiterating the greater risks of insufficient disclosures from companies in many emerging markets, including China, compared to those from U.S. domestic companies. In discussing the specific issues related to these risks, the statement again highlighted the PCAOB's inability to inspect audit work papers and practices of accounting firms in China with respect to U.S. reporting companies. On June 4, 2020, the U.S. President issued a memorandum ordering the President's Working Group on Financial Markets, or the PWG, to submit a report within 60 days of the memorandum that includes recommendations for actions that can be taken by the executive branch, including the SEC and the PCAOB, on Chinese companies listed on U.S. stock exchanges and their audit firms. On August 6, 2020, the PWG released the report. In particular, with respect to jurisdictions that do not grant the PCAOB sufficient access to fulfill its statutory mandate, or NCJs, the PWG recommended that enhanced listing standards be applied to companies from NCJs for seeking initial listing and remaining listed on U.S. stock exchanges. The report recommended a transition period until January 1, 2022, before the new listing standards would apply to companies already listed on U.S. stock exchanges. While it is uncertain whether the PWG recommendations will be adopted, in whole or in part, and the impact of any such new rules on us cannot be estimated at this time, if we are unable to meet the enhanced listing standards before their effectiveness, we could face de-listing from the NASDAQ, deregistration from the SEC and/or other risks, which may materially and adversely affect the market price and liquidity of our ADSs or effectively terminate our ADS trading in the United States.

As part of a continued regulatory focus in the United States on the access to audit and other information currently protected by national law, in particular China's, the Holding Foreign Companies Accountable Act, or the HFCA Act, was signed into law by the President of the United States in December 2020.The HFCA Act requires the SEC to prohibit U.S. trading of securities of foreign companies if such a company retains a foreign accounting firm that cannot be inspected by the PCAOB for three consecutive years, the first of which can be 2021. If the United States and China are not able to resolve the issues over PCAOB inspections in China or we are not otherwise able to retain a PCAOB-inspected auditor, the market price of our ADSs could be materially adversely affected, and our ADSs could be delisted from the NASDAQ, if we are unable to meet the PCAOB inspection requirement in time. In addition, the uncertainty around the HFCAA could adversely affect the market price of our ADSs.

Proceedings instituted by the SEC against the "big four" PRC-based accounting firms, including our former independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In late 2012, the SEC commenced administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the mainland Chinese affiliates of the "Big Four" accounting firms (including the mainland Chinese affiliate of our former independent registered public accounting firm). A first instance trial of the proceedings in July 2013 in the SEC's internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the Chinese accounting firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the Commissioners of the SEC. On February 6, 2015, before a review by the Commissioner had taken place, the Chinese accounting firms reached a settlement with the SEC whereby the proceedings were stayed. Under the settlement, the SEC accepted that future requests by the SEC for the production of documents would normally be made to the CSRC. The Chinese accounting firms would receive requests matching those under Section 106 of the Sarbanes-Oxley Act of 2002, and would be required to abide by a detailed set of procedures with respect to such requests, which in substance would require them to facilitate production via the CSRC. The CSRC for its part initiated a procedure whereby, under its supervision and subject to its approval, requested classes of documents held by the accounting firms could be sanitized of problematic and sensitive content so as to render them capable of being made available by the CSRC to US regulators.

Under the terms of the settlement, the underlying proceeding against the four PRC-based accounting firms was deemed dismissed with prejudice at the end of four years starting from the settlement date, which was on February 6, 2019. Despite the final ending of the proceedings, the presumption is that all parties will continue to apply the same procedures: i.e. the SEC will continue to make its requests for the production of documents to the CSRC, and the CSRC will normally process those requests applying the sanitization procedure. We cannot predict whether, in cases where the CSRC does not authorize production of requested documents to the SEC, the SEC will further challenge the four PRC-based accounting firms' compliance with U.S. law. If additional challenges are imposed on the Chinese affiliates of the "big four" accounting firms, we could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against these accounting firms may cause investor uncertainty regarding China-based, United States-listed companies and the market price of our ADSs may be adversely affected.

Future developments in respect of the issues discussed above are uncertain, including because the legislative developments are subject to the legislative process and the regulatory developments are subject to the rule-making process and other administrative procedures. However, if any of the administrative proceedings, legislative actions or regulatory changes discussed above were to proceed in ways that are detrimental to China-based issuers, it could cause us to fail to be in compliance with U.S. securities laws and regulations, we could cease to be listed on NASDAQ or another U.S. exchange, and U.S. trading of our shares and ADSs could be prohibited. Any of these actions, or uncertainties in the market about the possibility of such actions, could adversely affect our access to the U.S. capital markets and the price of our ADSs and ordinary shares and could result in adverse consequences under our outstanding borrowings.

If our former independent registered public accounting firm was denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements audited by our former independent registered public accounting firm, our financial statements audited by our former independent registered public accounting firm could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of our ordinary shares from the NASDAQ Global Market or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of the ADSs in the United States.

Risks Related to the American Depositary Shares

The market price for the ADSs may be volatile.

Since the ADSs became listed on NASDAQ on November 5, 2019 to the date of this annual report, the trading price of our ADSs has ranged from US$2.26 to US$20.44 per ADS. The trading prices of the ADSs are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of other listed internet or other companies based in China that have listed their securities in the United States in recent years. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in their trading prices. The trading performances of other Chinese companies' securities after their offerings, including internet and e-commerce companies, may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of the ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material adverse effect on the market price of the ADSs.

In addition to the above factors, the price and trading volume of the ADSs may be highly volatile due to multiple factors, including, among others, (i) regulatory developments affecting us, our tenants, our landlords, third-party service providers, financial institutions, or our industry, (ii) market conditions in the apartment rental industry, (iii) changes in the performance or market valuations of other apartment rental platforms, (iv) announcements by us or our competitors of new product and service offerings, acquisitions, strategic relationships, joint ventures or capital commitments, (v) actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results, or changes in financial estimates by securities research analysts, (vi) negative publicity about us, our management or our industry, (vii) additions to or departures of our directors and senior management, and (viii) sales or perceived potential sales of additional ordinary shares or ADSs. Furthermore, as a result of the narrow band of our ADSs publicly available for trading, small trades can cause significant percentage changes in valuation in a short time period. Such volatility may affect the attitude of investors towards our securities, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance.

An active market for the ADSs may not be maintained.

The ADSs began trading on NASDAQ in November 2019, and we can provide no assurance that we will be able to maintain an active trading market on NASDAQ or any other exchange in the future. If an active market for the ADSs is not maintained, it may be difficult for the ADS holders to sell the ADSs without depressing the market price for the ADSs, or at all. An inactive market may also impair our ability to raise capital by selling ADSs and may impair our ability to acquire other businesses or property using our ADSs as consideration.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrade our ADSs or publish inaccurate or unfavorable research about our business, the market price for the ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of the ADSs for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

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

Conversion of the convertible notes and exercise of the warrants we issued may dilute the ownership interest of existing shareholders, including holders who had previously converted their convertible notes.

The conversion of some or all of the convertible notes and the exercise of some or all of the warrants will dilute the ownership interests of existing shareholders and existing holders of our ADSs. Any sales in the public market of the ADSs issuable upon such conversion of the notes and exercise of the warrants could adversely affect prevailing market prices of our ADSs. In addition, the existence of the convertible notes and warrants may encourage short selling by market participants because the conversion of the convertible notes and the exercise of the warrants could depress the price of our ADSs.

Provisions of the convertible notes we offered could also discourage an acquisition of us by a third party.

Certain provisions of the convertible notes could make it more difficult or more expensive for a third party to acquire us, or may even prevent a third party from acquiring us. For example, in terms of the convertible notes we initially offered in July 2020, upon the occurrence of a fundamental change, holders of the convertible notes may require us to redeem their convertible notes at the specified fundamental change repurchase price, which includes a premium. By discouraging an acquisition of us by a third party, these provisions could have the effect of depriving the holders of our ordinary shares and holders of our ADSs of an opportunity to sell their ordinary shares and ADSs, as applicable, at a premium over prevailing market prices.

Substantial future sales or perceived potential sales of ADSs in the public market could cause the price of the ADSs to decline.

Sales of the ADSs in the public market, or the perception that these sales could occur, could cause the market price of the ADSs to decline. As of the date of this annual report, we had 1,436,010,850 ordinary shares outstanding, including 385,088,850 Class A ordinary shares are represented by ADSs. All our ADSs are freely transferable without restriction or additional registration under the Securities Act. The remaining ordinary shares outstanding has become available for sale upon the expiration of the 180-day lock-up period beginning from November 4, 2019, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. Any or all of these shares may be released prior to the expiration of the lock-up period at the discretion of the representatives of the underwriters of our initial public offering. To the extent shares are released before the expiration of the lock-up period and sold into the market, the market price of the ADSs could decline.

Certain holders of our ordinary shares may cause us to register under the Securities Act the sale of their shares, subject to the 180-day lock-up period in connection with our initial public offering. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of ADSs representing these registered shares in the public market could cause the price of the ADSs to decline.

We have granted equity-based awards to certain management, employees and non-employees. In addition, we adopted a share incentive plan in 2019, or the 2019 Plan, under which we may have the discretion to grant a range of equity-based awards to eligible participants. We intend to register all ordinary shares that we have issued or that we may issue in connection with any employee share-based awards. Once we register these ordinary shares, ADSs representing them can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements described in the “Underwriting” section of the final prospectus dated November 4, 2019 for our initial public offering. If ADSs representing a large number of our ordinary shares or securities convertible into our ordinary shares are sold in the public market after they become eligible for sale, the sales could reduce the trading price of the ADSs and impede our ability to raise future capital. In addition, any ordinary shares that we issue under our share incentive plan would dilute the percentage ownership held by investors who purchase the ADSs.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the underlying ordinary shares which are represented by your ADSs.

As a holder of our ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which attach to the underlying ordinary shares which are represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary, as the holder of the underlying ordinary shares which are represented by your ADSs. If we ask for your instructions, upon receipt of your voting instructions, the depositary will endeavor to vote the underlying ordinary shares in accordance with your instructions. You will not be able to directly exercise any right to vote with respect to the underlying ordinary shares unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our amended and restated memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is ten (10) days. When a general meeting is convened, you may not receive sufficient advance notice to enable you to withdraw the underlying shares which are represented by your ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow you to attend the general meeting or to vote directly with respect to any specific matter or resolution which is to be considered and voted upon at the general meeting. In addition, under amended and restated memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the underlying shares represented by your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depositary will, if we request, and subject to the terms of the deposit agreement, endeavor to notify you of the upcoming vote and to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying shares which are represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct the voting of the underlying shares which are represented by your ADSs, and you may have no legal remedy if the underlying shares are not voted as you requested.

The deposit agreement may be amended or terminated without your consent.

Under the deposit agreement, we may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. See “Item 12. Description of Securities Other Than Equity Securities—D. American Depositary Shares” for more details.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make such rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings in the future and may experience dilution in your holdings.

You may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities underlying your ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of the ADSs.

ADSs holders may not be entitled to a jury trial with respect to claims arising out of or relating to our shares, the ADSs or the deposit agreement, which could result in less favorable outcomes to the plaintiffs in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and the depositary. If a lawsuit is brought against either or both of us and the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including results that could be less favorable to the plaintiffs in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Certain judgments obtained against us may not be enforceable.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, a majority of our directors and executive officers reside within China, and most of the assets of these persons are located within China. As a result, it may be difficult or impossible for you to effect service of process within the United States upon these individuals, or to bring an action against us or against these individuals in the United States in the event that you believe your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of the PRC may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

There is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any reexamination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine or a penalty, and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands. The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of reciprocity with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our director and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Companies Law (2018 Revision) of the Cayman Islands (the "Company Law") and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our amended and restated memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

Our dual-class share structure with different voting rights limits your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and the ADSs may view as beneficial.

We have a dual-class share structure. As of the date of this annual report, High Gate Investments Ltd. beneficially owns all of our issued Class B ordinary shares. In respect of matters requiring the votes of shareholders, holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share based on our proposed dual-class share structure. Each Class B ordinary share is convertible into one (1) Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class B ordinary shares shall be automatically and immediately converted into the equal number of Class A ordinary shares.

As of the date of this annual report, High Gate Investments Ltd. beneficially owns 180,389,549 Class B ordinary shares representing 59.0% of the aggregate voting power of our company due to the disparate voting powers associated with our dual-class share structure. See “Item 6. Directors, Senior Management and Employees — E. Share Ownership.” As a result of the dual-class share structure and the concentration of ownership, High Gate Investments Ltd. has considerable influence over matters such as decisions regarding change of directors, mergers, change of control transactions and other significant corporate actions. It may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control limits your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial. In addition, the significant concentration of share ownership may adversely affect the trading price of the ADSs due to investors’ perception that conflicts of interest may exist or arise. For more information regarding our principal shareholders and their affiliated entities, see “Item 6. Directors, Senior Management and Employees — E. Share Ownership.”

Our memorandum and articles of association contain anti-takeover provisions that could discourage a third party from acquiring us and adversely affect the rights of holders of our ordinary shares and the ADSs.

Our third amended and restated memorandum and articles of association contain certain provisions that could limit the ability of others to acquire control of our company, including a provision that grants authority to our board of directors to establish and issue from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. These provisions could have the effect of depriving our shareholders and ADS holders of the opportunity to sell their shares or ADSs at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

We are an emerging growth company and may take advantage of certain reduced reporting requirements.

We are an “emerging growth company” as defined in the JOBS Act, and we may take advantage of certain exemptions from various requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes-Oxley Act of 2002 for so long as we are an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period. As a result of this election, our future financial statements may not be comparable to other public companies that comply with the public company effective dates for these new or revised accounting standards.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each financial year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NASDAQ Global Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NASDAQ Global Market corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the NASDAQ Global Market corporate governance listing standards.

As a Cayman Islands company listed on the NASDAQ Global Market, we are subject to the NASDAQ Global Market corporate governance listing standards. However, NASDAQ Global Market rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NASDAQ Global Market corporate governance listing standards. Currently, we follow our home country practices and rely on certain exemptions provided by the NASDAQ Global Market corporate governance listing standards to a foreign private issuer, including exemptions from the requirements to have:

- majority of independent directors on our board of directors;
- a minimum of three members in our audit committee;
- only independent directors being involved in the selection of director nominees and determination of executive officer compensation;
- regularly scheduled executive sessions of independent directors; and
- a quorum of annual general meeting which is no less than 33 1/3% of our outstanding shares.

As a result of our reliance on the corporate governance exemptions available to foreign private issuers, you do not have the same protection afforded to shareholders of companies that are subject to all of NASDAQ Global Market corporate governance listing standards.

We may become a passive foreign investment company, or PFIC, for U.S. federal income tax purposes in the current or a future taxable year, which could subject U.S. investors in ADSs or Class A ordinary shares to significant adverse U.S. federal income tax consequences.

A non-U.S. corporation will be a "passive foreign investment company", or PFIC, if, in any particular taxable year, either (a) 75% or more of its gross income for such year consists of certain types of "passive" income or (b) the average percentage of the value of its assets that produce or are held for the production of passive income is at least 50%. Because the PFIC tests must be applied each year, and the composition of our income and assets and the value of our assets may change, and because the treatment of our VIE for U.S. federal income tax purposes is not entirely clear, it is possible that we may become a PFIC in the current or a future year. In particular, because the value of our assets for purposes of the asset test may be determined by reference to the market price of our ADSs, fluctuations in the market price of the ADSs may cause us to become a PFIC. In addition, the treatment of our rental income as active for purposes of these tests depends upon whether we conduct sufficient marketing or other activities with respect to the rented properties in each taxable year to meet the requirements for an active rental business under applicable Treasury regulations, which may be uncertain.

If we are a PFIC in any taxable year, a U.S. Holder (as defined in "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations") may incur significantly increased U.S. federal income tax on gain recognized on the sale or other disposition of the ADSs or Class A ordinary shares and on the receipt of distributions on the ADSs or Class A ordinary shares to the extent such gain or distribution is treated as an "excess distribution" under the federal income tax rules, and such U.S. Holder may be subject to burdensome reporting requirements. Further, if we are a PFIC for any year during which a U.S. Holder holds ADSs or Class A ordinary shares, we generally will continue to be treated as a PFIC for all subsequent years during which such U.S. Holder holds our ADSs or Class A ordinary shares unless we cease to be a PFIC and the U.S. Holder makes a special "purging" election on Internal Revenue Service ("IRS") Form 8621. See "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules" for more details.

We will incur increased costs as a result of being a public company, particularly after we cease to qualify as an "emerging growth company."

As a public company, we expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the NASDAQ Global Market, impose various requirements on the corporate governance practices of public companies. As a company with less than US$1.07 billion in net revenues for our last financial year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. After we are no longer an "emerging growth company," we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We began our operation through Qingke Fashion Life Service Co., Ltd., or Q&K Fashion, which was established on November 8, 2007 by certain individuals related to our founder and former chief executive officer, Mr. Guangjie Jin, who transferred all voting rights to Mr. Guangjie Jin by proxy agreements. We substantially commenced our apartment rental business in 2012. During the period from 2007 to 2014, Q&K Fashion undertook several rounds of equity financing in the PRC. Mr. Guangjie Jin held more than 50% controlling interests over Q&K Fashion since the date of its incorporation.

On August 2, 2013, Q&K Fashion incorporated Shanghai Qingke E-commerce Co., Ltd, or Q&K E-Commerce. On March 17, 2015, Q&K E-commerce incorporated Shanghai Qingke Equipment Rental Co., Ltd., or Q&K Equipment Rental. From 2013 to 2015, Q&K Fashion transferred all of its shareholding over Q&K E-commerce to several investors and our founder and former chief executive officer, Mr. Guangjie Jin, allowing the latter to obtain control through majority equity ownership.

To facilitate financing and offshore listing, we underwent a series of reorganization, or the Reorganization as follows. We incorporated Q&K International Group Limited in the Cayman Islands as our offshore holding company in August 2014. In April 2015, Shanghai Qingke Investment Consulting Co., Ltd., or Q&K Investment Consulting, was incorporated as Q&K International Group Limited's wholly-owned subsidiary in the PRC. Shortly thereafter, Q&K International Group Limited issued ordinary shares to the offshore entities designated by then shareholders of Q&K Fashion in proportion to these shareholders' then shareholding percentage in Q&K Fashion. In April 2015, Q&K Investment Consulting entered into a series of contractual arrangements with Q&K E-Commerce (which became our variable interest entity, or VIE), Guangjie Jin, Bing Xiao, and Xiamen Siyuan Investment Management Co., Ltd. The contract arrangements enable us to obtain control over the VIE and its subsidiaries. The contractual arrangements consist of shareholder voting proxy agreements and powers of attorney, exclusive technology service agreement, exclusive option agreement, equity interest pledge agreement and spousal consent letter. See "Item 4. Information on the Company — C. Organizational Structure — Contractual Arrangements with the VIE and its Shareholders" for details. In the meantime, Q&K Fashion transferred all its net assets to Q&K Equipment Rental, a subsidiary of our VIE. Both Q&K International Group Limited and Q&K Fashion were controlled by Mr. Guangjie Jin before and after the Reorganization, and therefore we consider the Reorganization as a reorganization of entities under common control.

Due to PRC legal restrictions on foreign ownership and investment in value-added telecommunications services, and Internet content provision services in particular, we currently conduct our value-added telecommunication services business through Q&K E-Commerce, which we effectively control through a series of contractual arrangements. The contractual arrangements between Q&K Investment Consulting, Q&K E-Commerce and the shareholders of Q&K E-Commerce allow us to:

- exercise effective control over Q&K E-Commerce and its subsidiaries;
- receive substantially all of the economic benefits of Q&K E-Commerce and its subsidiaries; and
- have an exclusive option to purchase all or part of the equity interests and assets in Q&K E-Commerce when and to the extent permitted by PRC law.

For more details, see "Item 4. Information on the Company — C. Organizational Structure — Contractual Arrangements with the VIE and its Shareholders." As a result of these contractual arrangements, we have effective control over, and are the primary beneficiary of, Q&K E-Commerce and its subsidiaries and other consolidated entities and therefore treat them as our consolidated affiliated entities under U.S. GAAP and have consolidated their financial results in our consolidated financial statements in accordance with U.S. GAAP.

In November 2015, we effected a one-for-ten share split of our ordinary shares and preferred shares.

On November 5, 2019, our ADSs commenced trading on the Nasdaq under the symbol "QK." We raised from our initial public offering, after underwriters exercised their over-allotment option in full, approximately US$44.5 million in net proceeds after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

To fund our acquisition of certain lease contracts and other related assets, in July 2020, we issued series 1 and series 2 convertible notes in the aggregate principal amount of US$30.050 million at par and warrants to purchase 104,871 ADSs to Key Space (S) Pte Ltd and Veneto Holdings Ltd., and subsequently, from September 2020 to December 2020, we issued additional series 1 and series 2 convertible notes in the aggregate principal amount of US$12.03 million at par and warrants to purchase 67,696 ADSs to Key Space (S) Pte Ltd, pursuant to the convertible notes and warrant purchase agreements.

Our principal executive offices are located at Suite 1607, Building A, No.596 Middle Longhua Road, Xuhui District, Shanghai, 200032, People's Republic of China. Our telephone number at this address is +86-21-6417-9625. Our registered office in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Investors should submit any inquiries to the address and telephone number of our principal executive offices. Our main website is www.qk365.com. The information contained on our website is not a part of this annual report.

SEC maintains an internet site (http://www.sec.gov), which contains reports, proxy and information statements, and other information regarding us that file electronically with the SEC.

B. Business Overview

We are a leading technology-driven long-term apartment rental platform in China, offering young, emerging urban residents conveniently-located, ready-to-move-in, and affordable branded apartments as well as facilitating a variety of value-added services. We are one of the pioneers in providing branded rental apartments in China. Under our dispersed lease-and-operate model, we lease apartments from landlords and transform these apartments, mostly from bare-bones condition, into standardized furnished rooms to lease to people seeking affordable residence in cities, following an efficient, technology-driven business process. Our period average occupancy rates was 91.6% and 83.8% in FY 2019 and FY 2020, respectively.

Driven by the rapid urbanization, rising housing prices, millennial mindsets of sharing economy, and supportive government policies, branded long-term rental apartment service is an underpenetrated, fast-growing industry in China. An increasing number of young people in China move to cities for education or work and seek affordable long-term rental apartments. Traditionally, tenants rely on rental agencies or deal with individual landlords to rent apartments and have to contact individual landlords, who at times may not be responsive, for maintenance and repair during the lease. In the meantime, landlords need to handle apartment maintenance and repair and collect rentals all by themselves. In recent years, branded apartment operators have emerged to provide a one-stop, more efficient and hassle-free rental experience for tenants as well as landlords. In addition, central and local governments in China have adopted policies to incentivize and support the growth of the apartment rental sector, including offering equal access to public services and schools to both renters and homeowners, reducing income tax, and medical insurance and social security payment ratio for individuals with monthly income below RMB10,000.0 (US$1,472.8)—our target customer group.

Branded long-term apartment rental platforms operate under either a centralized or dispersed model. Under the centralized model, an operator sources and operates a whole building or a few floors therein through purchasing or leasing from, or cooperating with, property owners. Under the dispersed model, an operator sources apartments from individual landlords in different locations and manage them centrally, leveraging advanced IT and mobile technologies. Compared to the centralized model, the dispersed model enjoys certain advantages, including a more abundant and flexible supply of apartments and less initial capital outlay, and is easier to achieve a nation-wide brand awareness. As a result, the dispersed model is more scalable.

We strategically focus on sourcing apartments under the dispersed model in relatively inexpensive yet convenient locations, typically near subway stations, to provide our tenants value for money. We do not own our rental apartments but lease them from our landlords under long-term leases. Our leases with landlords usually provide for a minimum term of five to six years, or lease-in contract lock-in period, and can be extended for up to two to three years. We generally lock in our lease-in cost for the first three years, with approximately 5% annual, non-compounding increase for the rest of the lease term. During the lease-in contract lock-in period, neither landlords nor us may terminate the lease without paying a penalty equal to the rentals for the remaining lease-in contract lock-in period. For leases with landlords entered into in April 2019 or after, if the monthly rentals (after discount for rental prepayment) that we receive from tenants are lower than our monthly rental to landlords for six consecutive months, we have the right to renegotiate for a lower monthly rental to landlords or terminate the relevant leases with landlords. We typically convert a leased-in apartment to add additional bedroom, or the N+1 model, and rent each bedroom separately to individual tenants after standardized decoration and furnishing. The N+1 model further increases affordability and provides flexibilities and co-rental efficiency for tenants. Each of our rental apartments typically has three rental units. Our leases with tenants typically have a contracted lease term of 12 to 26 months. In FY 2020, the average lock-in period of our terminated leases with tenants was 11.6 months, and 70.4% of these leases with tenants had a lock-in period of 12 months or more. In the same period, 72.6% of our leases with tenants were terminated before the expiration of the applicable lock-in period and tenants of 12.4% of our leases remained in their rental units through the end of the 26-month contracted lease term. If a tenant chooses to terminate the lease during the lock-in period, except for termination during the first week of the lease, the tenant's security deposit will be forfeited. After the lock-in period, the tenant may terminate the lease anytime without penalty. In FY 2020, tenants on average stayed in our rental units for 8.8 months.

Technology is at the core of our business. We apply technology in every step of our operational process from apartment sourcing, renovation, and tenant acquisition, to property management. This enables us to operate a large, dispersed and fast-growing portfolio of apartments with high operational efficiency, delivering superior user experience. For example, we utilize big data analytics to establish a fair and efficient pricing mechanism. This mechanism also provides clear guidance to our apartment sourcing staff and ensures certain rental spread can be achieved during the lease term. We have also developed a technology-driven, innovative project management system to centrally manage our suppliers and contractors for apartment renovation, cleaning and maintenance, monitor the work process, track the work schedules, and exert quality control. Moreover, our intuitive mobile applications allow our tenants, landlords, and third-party service providers to execute transactions or provide services in a streamlined paperless environment. Our focus on technologies has enabled us to operate efficiently and grow rapidly while maintaining quality control.

We cooperate with third parties, including professional home service providers, e-commerce companies, and other service providers to facilitate a wide array of value-added services for our tenants. These include broadband internet and utilities. In addition, we launched Qingke Select, a membership-based new retail platform. These initiatives cater to tenants' lifestyle demand and help them live more conveniently and comfortably. This, in turn, helps improve our brand loyalty and increase revenue per tenant. Revenue from value-added services and others as a percentage of our net revenues increased from 10.4% in FY 2018 to 11.7% in FY 2019, and then decreased to 8.5% in FY 2020.

We also cooperate with financial institutions to facilitate rental installment loans for our tenants in need. Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants. Before this, our tenants could, but were not obligated to, apply for rental installment loans from our cooperative partners to prepay rental for certain lease period and enjoy rental discount for the rental prepayment. Approved loan proceeds covering up to 24 months' rentals were transferred to our account at the inception of the lease. We typically pay the monthly interest on the rental installment loans to our financial institution partners for our tenants and provide guarantee. We may also provide additional credit enhancement in the form of security deposits, usually no more than 5% of the total outstanding loan balance with the relevant financial institutions, with respect to our tenants' repayment of the loans. When a lease is terminated, either by the tenant or by us, we are typically required to return, in a lump sum, the outstanding portion of the rental installment loan. The amount represents the rental for the remaining lease term (net of the discount for rental prepayment) and we are required to deposit it into the tenant's designated account at the financial institution partner within a prescribed period of time, ranging from 0 to 31 days after the termination, which will then be immediately deducted by the financial institution partner from such account. The proceeds from rental installment loans have helped us finance our capital expenditure on decorating and furnishing newly sourced apartments. As of September 30, 2020, we cooperated with 7 financial institutions to finance rental installment loans, and the rental payment of 11.9% of the rental units offered on our platform had been financed by these rental installment loans.

In early 2020, we started to expand our business to Sichuan and Chongqing by acquiring lease contracts with landlords and tenants and related fixtures and equipment for approximately 47,000 rental units in Sichuan and Chongqing from another rental service company. Pursuant to the agreement with this rental service company, we were required to pay a consideration of RMB580.0 million, consisting of cash and our Class A ordinary shares, subject to adjustments based on the quality of the assets according to the agreements, to this rental service company by the end of 2020. However, given the closing conditions were not fulfilled by September 30, 2020, this acquisition has been terminated in substance pursuant to the agreement. We did not pay any consideration, and the deposit of RMB200.0 million we paid in January 2020 was fully returned to us. We have agreed to pay back the RMB8.0 million (US$1.2 million) that this rental service company paid us before the termination of this acquisition.

In July 2020, to replenish and expand our rental units portfolio, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China at a total consideration of US$130 million, less certain liabilities to be assumed by us. Unlike rental units we directly operate and manage, these rental units had been renovated at the time we acquired the lease contracts. We have carried out due diligence to verify the authenticity and the quality of these rental units, including but not limited to site visits, calls with landlords and tenants of these rental units, and verification of the operating data such as occupancy rate and rental margin of these rental units provided by the rental service company. We have engaged a third-party contractor to manage these rental units, including but not limited to marketing, maintenance, tenant screening, communications with landlords and tenants. We take measures to supervise and control the quality of the contractor's management, including but not limited to monitoring operating data related to these rental units on a daily basis such as the number of new leases with tenants and amount of rental income, and reviewing the performance of these rental units each month. We are in the process of integrating these rental units into our system. To finance this acquisition, in July 2020, we issued series 1 and series 2 convertible notes in the aggregate principal amount of US$30.050 million at par and warrants to purchase 104,871 ADSs to Key Space (S) Pte Ltd and Veneto Holdings Ltd., and subsequently, from September 2020 to December 2020, we issued additional series 1 and series 2 convertible notes in the aggregate principal amount of US$12.03 million at par and warrants to purchase 67,696 ADSs to Key Space (S) Pte Ltd, pursuant to the convertible notes and warrant purchase agreements. We paid US$5.8 million to the transferor to settle the first installment of the consideration as of the date of this annual report. The remaining consideration for the acquisition, which consists of US$23.2 million in cash and 128.6 million Class A ordinary shares, subject to adjustments based on terms and conditions set forth in the agreements, will be payable in installments upon reaching certain milestones linked to the transfer of lease contracts and other related assets. We will also issue in installments, to a third-party contractor that manages the rental units as previously announced, up to 99.6 million Class A ordinary shares, subject to certain performance indicators and other terms and conditions set forth in the agreement.

Our Apartment Network

We started the apartment rental business in 2012 in Shanghai, one of the most prosperous cities in China with the largest migrant population. Leveraging the experience and knowledge accrued in managing rental apartments in Shanghai, we have expanded to other top-tier cities, including Shanghai's adjacent Suzhou market in 2013 and Hangzhou in 2016, and subsequently Nanjing, Wuhan and Beijing in late 2017. In December 2019, we started to expand our apartment network to Tianjin. In the nine months ended September 30, 2020, 48.4% of our leases with landlords, or leases of 47,103 rental units, were terminated as we strategically reduced the number of leases with landlords to reduce the rentals we need to pay to the landlords, in response to the lower tenant demand and thus, lower occupancy rate and revenues from tenants which were not sufficient to cover the rentals we need to pay to the landlords due to the COVID-19 pandemic in China. This helped us to optimize our portfolio and mitigate the adverse effect of the COVID-19 pandemic on our business, cash flow and financial conditions. We had also actively seeking high quality apartments in FY 2020. In July 2020, we expanded our apartment network by acquiring lease contracts with landlords and tenants and related fixtures, equipment and other assets from a rental service company for approximately 72,200 rental units in various cities across China, and now our rental units locate in to Beijing, Chengdu, Changsha, Fuzhou, Hefei, Jinan, Kunming, Ningbo, Nanchang, Nanjing, Nanning, Qingdao, Suzhou, Xi'an, Tianjin, Shijiazhuang and Chongqing. As of September 30, 2020, we had 81,264 available rental units under management spread across China.

We have been focused on, and will continue to target, markets with multiple demand generators, such as proximity to transportation corridors (e.g., locations along the coastal lines or the Yangtze River, or in the intersection of multiple high-speed railways), strong economic prospects (e.g., top 50 in China in terms of GDP), abundant job opportunities, high home ownership costs, large and increasing inflow of migrants (e.g., with population over 8 million), solid suburban development plans, and favorable government policy on apartment rental, etc.

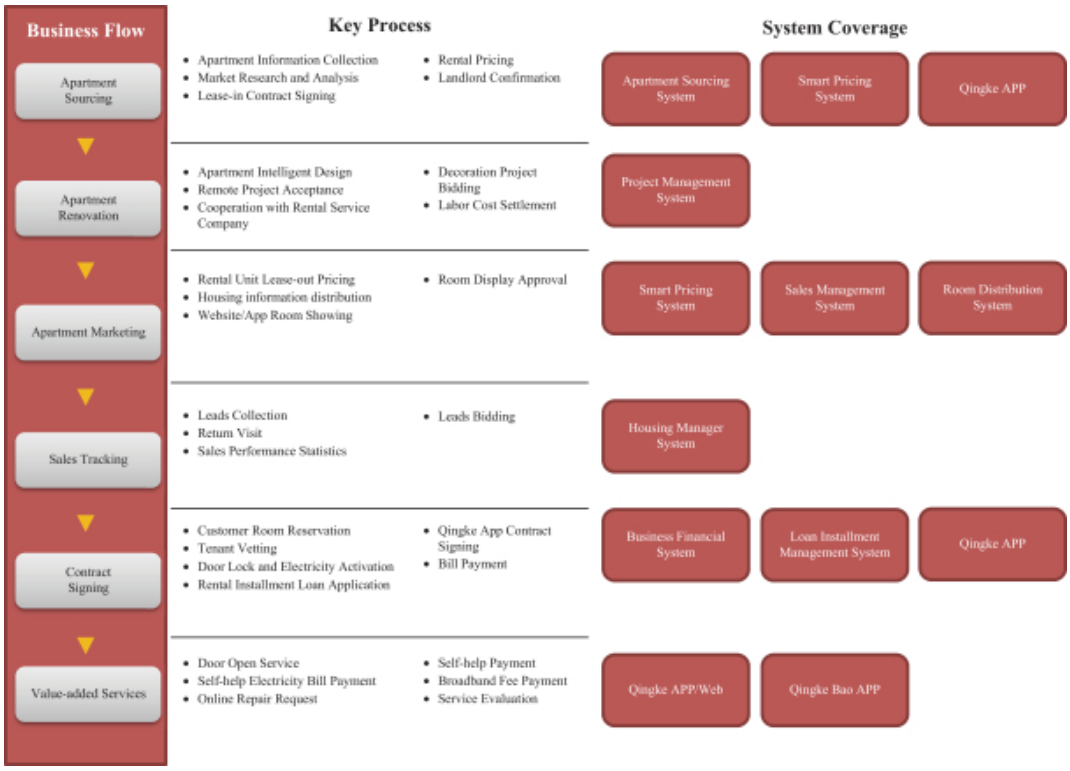
Within our target markets, our apartments are strategically located in neighborhoods near subway stations in the metropolitan areas. These locations provide tenants with convenient access to an entire city, including major business districts and commercial centers, and hence strong demand potential and ample space for rental increase (driven, for example, by opening of a new subway line or extension of an existing subway line, a new commercial center etc.).

Our Technology-Driven Business Model

We utilize an efficient and scalable lease-and-operate model, under which we lease individual apartments from apartment owners and rent out to individual tenants after necessary renovation. Our highly efficient business process and centralized management of a large dispersed portfolio of rental apartments are built on, and enabled by, our technology-driven, end-to-end, and extensible systems.

We apply technology in every step of our operation from apartment sourcing, renovation, and tenant acquisition, to property management. These include our dynamic pricing system for fair, transparent, and efficient rental pricing, innovative project management system to centrally manage, monitor, and control renovation process, and intuitive mobile applications to reduce customer acquisition and property management cost. Our focus on technology has enabled us to operate efficiently and grow rapidly while maintaining quality control and optimizing user experience.

The following diagram illustrates the key modules of our technology-driven, end-to-end systems. All of these modules are web-based or mobile-based information systems, and developed in-house.



Apartment Sourcing

Overview

We have followed a disciplined and systematic process to expand our apartment network. This involves comprehensive market research of macro factors and local government policies on apartment rental, in-depth analysis of local market supply and demand dynamics through collecting and analyzing relevant data, including housing sales transaction information, residential building vacancy rate, rental demand, and rental price development. We conduct in-person visits to relevant neighborhoods and real estate agencies nearby to get first-hand experience of traffic flow, e.g., proximity to a subway station or other local traffic or commercial hub; competitive landscape, including the presence of any other branded long-term apartment operators or individual landlords; and abundance of available-for-rent apartments with ample room for revitalization and optimization, such as existence of a newly developed property complex for people re-locating from previously owned properties in urban planning.

We gather information of available-for-rent apartments from both online and offline channels. Online channels include our Qingke APP, which can be used by property owners to submit information of their available-for-rent apartments, and third-party channels including classified ads websites. Our sourcing staff also gather leads of available-for-rent apartments from local neighborhood committees and property managers, and real estate agencies nearby during their field visits to the relevant neighborhoods.

We use a mobile-based apartment sourcing system to manage the sourcing process, and a technology-driven Smart Pricing System for efficient and fair rental pricing. Through these systems, our sourcing staff submit detailed information of potential apartments for our centralized approval, as well as signing lease contracts and managing relationships with landlords, etc.

We have a dedicated sourcing team which is incentivized to achieve not only the targeted number of apartments to be sourced, but also the quality of the apartments they source, aligning their interests with our long-term goals.

In early 2020, we started to expand our business to Sichuan and Chongqing by acquiring lease contracts with landlords and tenants and related fixtures and equipment for rental units in Sichuan and Chongqing from another rental service company which operated and managed these rental units. However, given the closing conditions were not fulfilled by September 30, 2020, this acquisition has been terminated in substance.

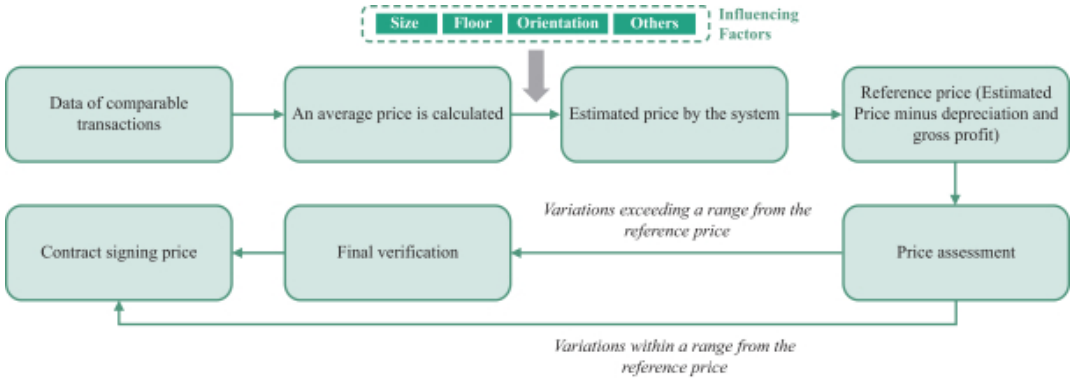
In July 2020, to replenish and expand our rental units portfolio, one of our subsidiaries entered into agreements with a rental service company, Great Alliance Co-living Limited, and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China. We have carried out due diligence to verify the authenticity and the quality of these rental units, including but not limited to site visits, calls with landlords and tenants of these rental units, and verification of the operating data such as occupancy rate and rental margin of these rental units provided by the rental service company.

Rental Pricing

A key element for our apartment sourcing is establishing the right rental pricing to expand our apartment portfolio and gain greater market share, while at the same time meeting our strategic and financial return criteria.

We use big data to establish a fair and efficient rental pricing mechanism, our proprietary technology-driven Smart Pricing System, to provide clear guidance to our apartment sourcing staff to ensure satisfactory financial return during the lease term. Our sourcing staff input the basic information including location, residential compound name, floor, size, and number of bedrooms etc., into our Smart Pricing System. Our Smart Pricing System estimates appropriate rental cost and price by selecting and parsing rentals from recent comparable transactions in adjacent area from our own transaction data and public market data, and automatically adjusts the level of the rentals based on multiple influencing factors, including size, orientation, and floor. Our Smart Pricing System helps mitigate losses arising from inaccurate manual pricing techniques and reduces reliance on sourcing staff's personal judgment, as well as streamlining the pricing process. When we expand into a new city, the Smart Pricing system is replicable with some adjustments in parameters, enabling faster expansion at a lower cost.

The diagram below illustrates our dynamic, smart pricing process.



Our Lease-in Contracts

The transparent pricing mechanism enabled by our Smart Pricing System has helped us in our sales pitches to landlords and tenants to negotiate favorable rents and lease terms. In July 2020, to replenish and expand our rental units portfolio, we acquired lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China from another rental service company. Since July 2020, the term of our leases with landlords has been typically five years, or the lease-in contract lock-in period. Before July 2020 and from 2017, we typically entered into a lease with a landlord with a minimum term of six-year period, or lease-in contract lock-in period, which shall be extended for up to two years, at the landlord's discretion. Before 2017, we typically entered into a lease with a landlord with a minimum term of five-year lease-in contract lock-in period, which shall be extended for up to three years, at the landlord's discretion. During the lease-in contract lock-in period, neither landlords nor us may terminate the lease without paying a penalty equal to the rentals for the remaining lease-in contract lock-in period. From our inception to September 30, 2020, 0.4% of our leases with landlords continued after the expiry of the lease-in contract lock-in period. As of September 30, 2020, our average lease-in contract lock-in period was 43.3 months and a majority of our apartments contracted were less than two years into leases with landlords. We typically manage to obtain a rental-free period of 90-160 days from our landlords. Additionally, we generally lock in the lease-in cost for the first two years, with an approximately 5% annual, non-compounding increase for the rest of the lease term. Below is the expiration table of our leases with landlords as of September 30, 2020 assuming all landlords terminate the lease upon the expiry of the lease-in contract lock-in period.

	Total leases with landlords	Leases expiring by the end of									
		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030 and after
Number of rental apartments with	82,185	22,680	10,478	15,595	15,798	9,255	3,034	1,018	2,075	1,663	589
Average annual straight-lined rental cost represented by (RMB in million)	61.2	89.1	100.2	140.6	133.0	76.8	25.0	8.8	17.7	14.2	6.9
Percentage of total annual straight-lined rental cost (%)	100	4.1	9.2	19.4	24.4	17.6	6.9	2.8	6.5	5.9	3.2

We usually do not need to prepay security deposits to landlords. After the rent-free period, we usually prepay rentals on a quarterly basis. As we expand and our reputation grows, an increasing number of landlords no longer require us to pay security deposits. If a landlord terminates the lease during the lease-in contract lock-in period, he or she is required to compensate us for the amount equivalent to the rental income of the remaining period of the lease. Historically, approximately 1% of our landlords terminated the lease during the lease-in contract lock-in period. At the end of the lease term, we may take all non-fixtures such as electric appliances that we have installed in the apartment. Landlords generally give representations on the authority to rent out the apartment and apartment condition. For leases with landlords entered into in April 2019 or after, if the monthly rentals (after discount for rental prepayment) that we received from tenants are lower than our monthly rental to landlords for six consecutive months, we have the right to renegotiate for a lower monthly rental to landlords or terminate the relevant leases with landlords.

Since February 2019, we have started to source decorated and furnished apartments from landlords. Under this model, depending on the decoration quality, we generally only need to add a wall to separate out an additional bedroom from the living room, furnish the additional bedroom, and install smart door locks to the apartment and each bedroom therein, thus substantially reducing our cost for renovation, compared to sourcing bare-bones apartments. In addition, we are exploring a model under which our landlords would fund the upfront costs for apartment outfitting. These initiatives help reduce our upfront capital outlay so that we can scale up more rapidly.

Apartment Renovation

Our apartment renovation process typically involves converting the living room in a leased-in apartment to add an additional bedroom, or the N+1 model, following the guidance in the applicable local regulations; and decorating and furnishing the leased-in apartments, which are often kept in bare-bones condition (cement walls and floors and utility pipes only) and unfurnished. In addition, depending on the condition of the apartment after a tenant moves out, we may conduct light renovation to ensure consistent standard and quality across our lease-out apartments. We have developed a standardized process to renovate the apartments, which includes measuring, designing, reviewing and budgeting, reconstruction, installation, and inspection and review, and further break down the key steps into pre-set modules, such as design packages and distinctive construction orders to improve efficiency.

We have independently developed a technology-driven, innovative project management system to centrally dispatch job requests, manage suppliers and contractors, monitor the renovation process, track delivery schedules, and exert quality control throughout the entire apartment renovation process. Our project management system enables modularization, standardization and digitization of the renovation process. This has allowed us to efficiently manage a fast-growing number of suppliers and contractors to sustain our business growth while ensuring consistency in quality.

We perform centralized purchasing for construction materials (except low-cost and heavy materials such as cement, and materials that need to be customized, such as doors, which need to be tailored based on the relevant floor-to-ceiling height), sanitary ware, furniture, electronic appliances etc. We are able to bulk purchase directly from manufacturers at competitive prices as we scale up. We exert stringent control on the materials used in the renovation process to ensure that our rental apartments comply with the relevant safety and environmental standards such as residual levels of formaldehyde and other chemicals.

The following are the key steps in our apartment renovation process. We outsource the renovation process, such as designing, reconstruction, installation, and inspection to qualified third-party contractors, who bid for blueprint drawing, construction, installation, and inspection orders. Contractors are selected and constantly evaluated based on multiple factors, including their qualifications, quality of work, and capability to meet our deadlines, for optimal allocation of the job requests.

Measuring. Measuring involves onsite measuring of the property. We have developed our proprietary measurement robot based on advanced technology. The robot can be operated by our staff onsite to measure the room size and structure of our apartments and generate a floorplan and an elevation in about 40 minutes. Our onsite professionals then upload the full room scan to our cloud server. This enhances measurement accuracy, reduces time needed and saves labor costs.

Designing. Designing involves readjusting and construction drawing. We have developed a unique blueprint drawing process to break down one comprehensive set of blueprints into more than 20 distinctive renovation processes or steps under six design packages. This shortens the drawing process to 24 hours, and eliminates potential capacity bottlenecks.

Reviewing and Budgeting. Once the drawings are done, our system produces a detailed budget and work plan with the list of materials and products needed, the delivery schedule and construction work schedule, against which we track actual progress to avoid delays.

Reconstruction. Reconstruction involves demolition and renovation, reconstruction of water and electricity installation, plastering, wood-working and painting. We separate the reconstruction processes into distinctive construction orders, and contractors bid for each construction order through our project management system.

Installation. Installation involves installation of furniture and electric appliance. Contractors bid for installation orders, and to ensure the quality and timely completion of installation work, contractors are required to take pictures and record videos of the working sites at the end of every working day and upload them to the system for our remote approval.

Inspection and Review. To ensure the quality and timely completion of construction work, contractors are required to take pictures and record videos of the working sites upon completion of each step and upload them to our system for our remote approval. Our staff from our engineering department may also conduct onsite inspection on a selective basis. In addition, following the completion of the construction and installation, our staff from our engineering department will conduct an onsite check of air quality, and if formaldehyde tested exceeds the national permitted level in the PRC, we would air the room and conduct a follow-up check in a few days until the formaldehyde falls below the permitted level.

Apartment Marketing and Leasing

Apartment Marketing

We conduct the majority of our marketing and sales process online, which improves our efficiency and provides a more convenient and transparent rental experience for tenants. We list the apartments on our website and mobile applications. Prospective tenants can search and view an apartment, and sign the lease online or via our interactive Qingke APP. Leveraging our data analytics, our Qingke APP displays available apartments in tenants' vicinity matching their inferred location and budget based on the price tiers of their smartphones, and the tenants may further fine-tune the search results using various criteria including location, rental price, proximity to subway line etc., making apartment searching more efficient. As of the date of this annual report, for a majority of our listings, in addition to pictures, we also provide a 360-degree video of the apartments to give potential tenants a better view and to improve the efficiency of apartment viewing. Besides the searching and viewing functions, our Qingke APP also allows tenants to make appointments for in-person apartment viewing and interact with our sales staff live.

Mobile Map-based Apartment Search Interface on our APP

In addition to our website and Qingke APP, we use third-party platforms to promote our apartment rooms and acquire potential tenants, including search engines, online classified information platforms, online rental listing websites, and agents' WeChat corporate accounts.

In FY 2020, substantially all of our tenants were sourced online.

Sales Management and Rental Pricing

We use a mobile-based, automated sales management system for our sales staff, who are our apartment managers, to bid for available rooms and tenant leads from call centers, track leasing process, manage rented rooms, etc. on their mobile phones or tablets. The system also allows us to track and evaluate their performance, including the number of visits completed, and the number of leases signed.

We apply our Smart Pricing System to price our lease-out rental through an automated, dynamic process, which takes into account data points including rent-in cost, decoration cost, historical transaction data (e.g., price and occupancy rate), demand fluctuations (e.g. low demand around the Chinese New Year holiday period and high demand in July and August with new college graduates moving out of campus), target occupancy rate, and market prices for apartments in similar conditions.

We have adopted a compensation structure for our sales staff, designed to better align their interest with ours to achieve a higher rental spread and reduce tenant acquisition costs. Our sales staff are generally paid a base salary plus performance-linked bonuses and other incentives to encourage full-price sales and longer-term leases.

Tenant Vetting Process

We require our tenants to go through our standardized tenant vetting process before we enter into a lease with him or her. Our tenant vetting process mainly includes identity authentication, criminal background checks and collection and verification of tenants' basic information. We are one of the earliest apartment rental platforms in China that utilize face recognition technology to verify the identity of a tenant. We are connected to the systems of the public security bureau to conduct tenant background checks and may reject lease applications if the background check results are unsatisfactory.

Tenant Relations and Property Maintenance

We provide after-rent services including bi-weekly cleaning of the common spaces and repair services as requested by tenants via our Qingke APP, our call centers and local property management office. Leveraging our technology platform, we have developed a number of services to improve the efficiency of our property maintenance practices and maximize tenant satisfaction. These include:

Smart door lock service. All our apartment and bedroom doors are equipped with smart digital locks and tenants can enter by tapping a digital access card. Some of our smart digital locks are equipped with Bluetooth function so that tenants can enjoy key-less apartment and bedroom access by logging into our Qingke APP with their Qingke accounts and passwords and pressing "I want to unlock a door" button in our Qingke APP. Our Qingke APP then sends a signal via Bluetooth to the digital locks on the apartment and bedroom doors. Alternatively, by tapping digital access cards or calling our call center, tenants may open the apartment and bedroom doors when their mobile phones run out of battery or lose internet access. In addition, through our digital locks, we have the ability to control the access to our apartments and bedrooms and may take over the relevant property if a tenant defaults on payment after sufficient warning pursuant to our lease agreement and the relevant PRC laws.

Repair request and service evaluation. Tenants may submit repair and maintenance requests on our Qingke APP, such as reporting a malfunctioning home appliance. Our service center will schedule appointments with tenants within 24-48 hours based on the urgency of such requests. To ensure the quality of the repair provided by our service providers, we ask our tenants to fill out a service evaluation questionnaire on our Qingke APP after the appointments.

We outsource the cleaning, maintenance and repair services to qualified third-party service contractors, who compete for orders on our bidding system. To ensure the quality of the cleaning and repair services, contractors are required to upload pictures of work sites after completion of each service for our inspection and approval.

Our apartment managers regularly visit our apartments to inspect their condition, paying particular attention to potential safety hazards as well as potential causes of damage that could result in significant maintenance costs if left unaddressed, assess and document interior and exterior condition, and determine whether the tenant is adhering to the terms of their lease. They also schedule periodic in-person checks on service contractors' work quality. In addition, our apartment managers conduct inspections prior to scheduled tenant move-outs to notify tenants of any repairs they may need to undertake prior to moving out of the property, in order to avoid forfeiture of part or all of their security deposit. These inspections also allow us to begin preparing a scope of work and budget for the turnover work we undertake to prepare our apartments to be re-leased to a new tenant, and increase our ability to pre-market our apartments.

Self-help rental and bill payment. Our tenants may pay rental and utility bills via our Qingke Bao APP. The Qingke Bao APP consolidates all outstanding bills and connects to tenants' bank accounts. Once we receive the authorization from the tenants, the Qingke Bao APP will automatically deduct the authorized amounts from the tenants' accounts to settle the bills.

We make tenant safety and security our priority. We engage third-party service contractors to inspect safety facilities and appliances in our rental apartments on a bi-weekly basis to identify any potential safety hazards. In addition, we may forfeit all or part of a tenant's security deposits or terminate the lease pursuant to the terms of the lease, if he or she violates the rules for our rental community in a serious way, such as causing nuances or otherwise jeopardizing other tenants or damaging our rental apartments or facilities.

In July 2020, to replenish and expand our rental units portfolio, we acquired lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China. We have engaged a third-party contractor to manage these rental units, including but not limited to marketing, maintenance, tenant screening, communications with landlords and tenants. We take measures to supervise and control the quality of the contractor's management, including but not limited to monitoring operating data related to these rental units on a daily basis such as the number of new leases with tenants and amount of rental income, and reviewing the performance of these rental units each month. For the management of these rental units, we are in the process of integrating these rental units into our proprietary system and APP, and before this process completes, some of these rental units are still managed using the third-party contractor's system.

Our Apartments and Services

Our Rental Units

Our rental units typically had net area (excluding common spaces) from 10 square meters to 15 square meters, with monthly rental from RMB1,000 (US$147.3) to RMB8,500 (US$1,251.9) in FY 2020, depending on the location and type of housing, etc. Our rental units are generally fitted with standardized interior styles, and are equipped with air conditioners and basic furniture including a bed, a wardrobe, a desk and a chair. Bathrooms and kitchens are equipped with standardized electrical appliances. We install a digital lock and separate electricity meter for each bedroom. All our apartments have pre-installed broadband internet access including Wi-Fi.

The following are pictures of our standard bedrooms, bathroom and kitchen.

Standard Qingke Bedrooms

Standard Qingke Kitchen and Bathroom

When a new tenant moves in, our apartment managers conduct a tenant orientation, during which we revisit the terms of the lease, outline what aspects of the apartment's upkeep are the tenant's responsibility, walk through all of the home's major systems in order to familiarize the tenant with their safe and proper operation. During the move-in orientation, each tenant is provided with a "refrigerator list" and encouraged to keep a record of any non-emergency service items noted after moving into the apartment. By conducting an in-person move-in orientation, we are able to ensure that tenants understand their obligations under the terms of their lease, as well as how to safely and properly operate the apartment's systems, reducing both the likelihood of misaligned expectations and unnecessary wear and tear on the apartment.

The following is a summary of the key terms in a typical lease with tenant.

Contracted lease term. Typically 12 to 26 months. Rental is fixed through the term of the lease.

Below is the expiration table of our leases with tenants as of September 30, 2020.

	Total leases with tenants	Leases expiring by the end of		
		FY 2021	FY 2022	FY 2023
Number of rental units with	68,755	67,203	1,552	—
Average annual rental represented by (RMB in million)	502	460	42	—
Percentage of total annual rental represented (%)	100%	92%	8%	—

Lock-in Period. On September 30, 2020, the average lock-in period of our outstanding leases was 11.7 months and 70.4% of these leases had a lock-in period of 12 months or longer and the remainder had a lock-in period ranging from one to six months. From our inception to September 30, 2020, our tenants whose leases had a lock-in period of 12 months or longer stayed in our rental units for 12.2 months on average.

Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants. Before this, if a tenant's rental installment loan application was approved, his or her lease would be subject to a lock-in period of 12 months or longer. If the rental installment loan application was denied, his or her lease would not be subject to such lock-in period and he or she might move out after all prepaid rents were used or enter into a new lease with us with an agreed lock-in period. On September 30, 2020, none of our tenants was in the process of applying for rental installment loans.

Since tenants who prepay rental for certain lease period can enjoy rental discount for the applicable lock-in period, and tenants who terminate the lease within the lock-in period are subject to forfeiture of their security deposits, our tenants may be incentivized to terminate their lease around the end or shortly after the expiry of the applicable lock-in period. In FY 2018, FY 2019 and FY 2020, the average lock-in period of our terminated leases with tenants was 13.0 months, 11.3 months and 11.6 months, respectively. In the same periods, tenants on average stayed in our rental units for 8.7 months, 7.8 months and 8.8 months, respectively.

Security deposit. Usually one to two months' rental to cover damages to the apartment, potential loss, tenant default and certain early termination as described below.

Rental prepayment and payment frequency. We encourage tenants to prepay rental by providing them with rental discount. We subsidize the interest payment for rental installment loan offered by one of our financial institution partners. Tenants who rent rental units other than those we acquired from the rental service company in July 2020 and prepay at least six months' rental can enjoy a 5% discount, and tenants who prepay at least 12 months' rental can enjoy a 10% rental discount (subject to a RMB200.0 (US$29.5) limit per month after January 1, 2017) for the lock-in period. The rental prepayment helps us finance our expansion and operation. We typically give tenants five to ten days' grace period for rental payment.

Upon termination of the lease, we will return the unused portion of any prepaid rental to the tenant, or the financial institution where the tenant utilized the proceeds from the rental installment loan granted by the financial institution to prepay the rental. It is common for tenants to terminate the leases before the expiration of the lease term. In FY 2020, 69.0% of our terminated leases with tenants were terminated before the expiration of the lease term covered by the prepayment, and 72.6% of our terminated leases with tenants were terminated before the expiration of the applicable lock-in period.

Tenants' initial stays. To encourage prospective tenants to try out our apartments, we have put in place a policy to allow tenants to cancel leases within three days from the move-in date, and we will return all rental, deposits and fees penalty free. If a new tenant cancels the lease on the fourth to seventh day, we will return all unused rental, deposit and fees penalty free. In FY 2020, approximately 3.0% of our leases with tenants were terminated during the first week of their leases.

Termination. If a tenant chooses to terminate the lease during the lock-in period, except for termination during the first week of the lease, the tenant's security deposit will be forfeited and other fees may apply. After the lock-in period, the tenant may terminate the lease anytime without penalty. If we choose to terminate the lease before the expiry of the lease term, except for termination upon tenant's default, we will generally facilitate tenant relocation and subsidize relocation-related expenses.

Utilities and internet access. Tenants are usually required to prepay utilities including water and electricity. We typically charge tenants a flat monthly fee for broadband internet access.

Other covenants of the tenants. Tenants shall not, without approval from us, sublease or allow unauthorized person to live in the apartments. Pets are not allowed in the apartments. Tenants shall abide by our tenant convention which includes requirements such as noise control, proper use of public area, paying bills in a timely manner, etc.

Our Value-added and New Retail Products and Services

We are committed to not just providing a room but a home to our tenants, and improving their overall quality of life. To that end, we offer a wide variety of value-added products and services through our engaging online and mobile platform and frequent offline group activities to alleviate the hassles and stress associated with moving into a new apartment and settling in a big city. These initiatives cater to tenants' lifestyle demand and foster a strong sense of community among our tenants, enhancing their brand loyalty.

We cooperate with third-party service providers to offer complementary bi-weekly cleaning of common spaces, and broadband internet and bedroom cleaning at a charge. Tenants can subscribe to the broadband internet service package or book the bedroom cleaning service through our one-stop Qingke APP.

In November 2018, we launched a membership-based new retail platform, Qingke Select, where our tenants may purchase certain products online and enjoy seamlessly integrated online-to-offline experience. We generate customized pop-up advertisements of products on Qingke Select when our tenants use the Qingke APP. We are exploring different monetization models for Qingke Select.

Cooperation with Third-party Contractors to Manage Rental Units

We started to expand our cooperation with third-party contractors to manage rental units. We cooperate with a rental service company owned by a state-owned bank in apartment sourcing and renovation from August 2018. In April 2020, we started to modify this cooperation for apartments in certain cities. For some apartments under this model, we no longer lease in apartments from the rental service company or enter into new lease-out agreements with tenants. Instead, we transferred existing leases with tenants to the rental service company. The rental service company maintains the lease-in agreements with the landlords of the apartments, collects rental from the tenants directly and enters into lease-out agreements with new tenants directly. We are engaged by the rental service company to manage these apartments. Pursuant to this arrangement, we are responsible for hiring and supervising the third-party contractor including in its identification of potential tenants and daily operation, and receives fee income equals to the rental income from tenants minus the rental fee to landlords. For each of these apartments, if the rental collected from the tenants is less than the rental paid to the landlords, we are required to pay the rental service company this difference. As of September 30, 2020, we had transferred 25,375 of our rental units contracted and managed these rental units under this modified cooperation. The terms of these leases with tenants ranged between 12 and 26 months, and a majority of which have a lock-in period of 12 months or longer. Monthly rent with tenants is fixed throughout the lease term and there is no rent-free period or rent escalations during the period.

In July 2020, to replenish and expand our rental units portfolio, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China. We have engaged a third-party contractor to manage these rental units, including but not limited to marketing, maintenance, tenant screening, communications with landlords and tenants. We take measures to supervise and control the quality of the contractor's management, including but not limited to monitoring operating data related to these rental units on a daily basis such as the number of new leases with tenants and amount of rental income, and reviewing the performance of these rental units each month. We are in the process of integrating these rental units into our system.

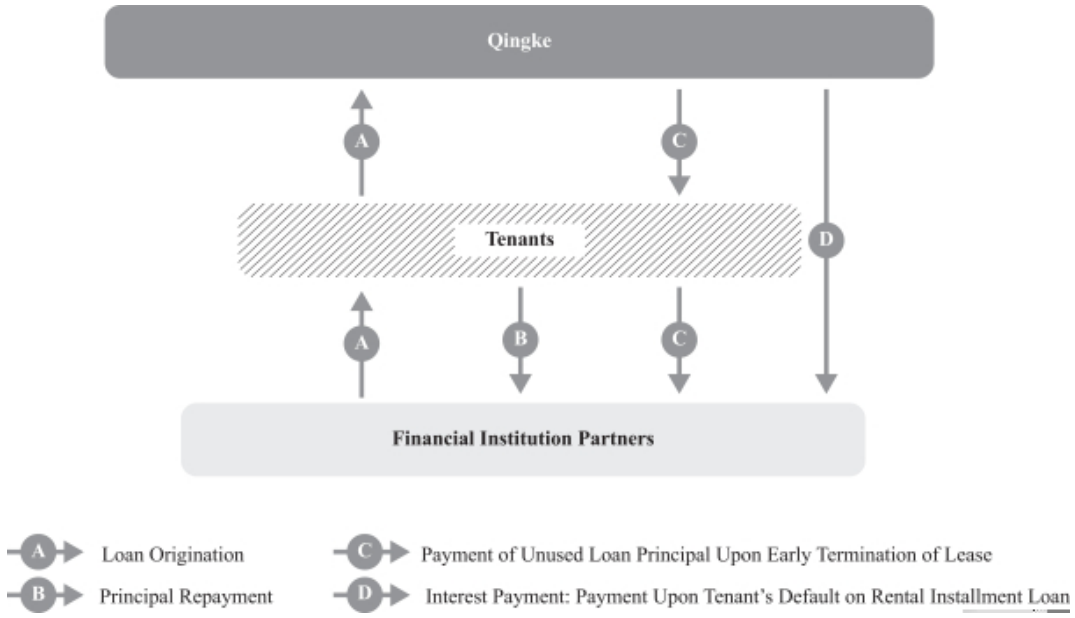
Our Cooperation with Financial Institutions

Cooperation on Rental Installment Loans

We cooperate with a number of financial institutions to facilitate rental installment financing for tenants who wish to obtain financing for rental prepayment. In line with industry practice, we provide guarantee and may also provide additional credit enhancement in the form of security deposits, usually no more than 5% of the total outstanding loan balance with the relevant financial institution, to our financial institution partners with respect to tenants' repayment of the rental installment loans. As of September 30, 2020, we cooperated with 7 financial institutions to facilitate rental installment loans, and the rental payment of 11.9% of our rental units had been facilitated by such financing. Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants. For more information, please refer to "Item 5. Operating and Financial Review and Prospects— B. Liquidity and Capital Resources — Rental Installment Loans".

When our financial institution partners approved a rental installment loan, an amount covering up to 24 months' rent (net of the discount for rental prepayment) would typically be released to the tenant's designated account at the financial institution partner, which would then be immediately transferred to our designated account through an entrusted payment arrangement between the tenant and the financial institution partner. The tenant repays the monthly installment of the principal amount of the loan, which is equal to the monthly rental (net of the discount for rental prepayment), to our financial institution partner over the lease term by authorizing the financial institution partner to deduct the amount from his or her account. Under such arrangement, the tenant may deposit funds into his or her account, but may not withdraw from such account without the authorization from the relevant financial institution partner. We typically pay the monthly interest on the rental installment loans to our financial institution partners for our tenants. When a lease is terminated, either by the tenant or by us, we are typically required to return, in a lump sum, the outstanding portion of the rental installment loan. The amount represents the rental for the remaining lease term (net of the discount for rental prepayment) and we are required to deposit it into the tenant's designated account at the financial institution partner within a prescribed period of time, ranging from 0 to 31 days after the termination, which will then be immediately deducted by the financial institution partner from such account.

Please refer to the chart below for the typical funds flow of a rental installment loan.



Our financial institution partners will notify the tenant and us a few days in advance when a payment is due from the tenant and when the tenant is delinquent on any payment. We will also send payment reminders to the tenant. In addition, through our smart digital door locks, we have the ability to control the access to our apartments and bedrooms and may take over the relevant property if a tenant defaults on payment after sufficient warning pursuant to our lease agreement and the relevant PRC laws. We may then lease the property to a new tenant to recover the rentals for the remaining period of the original lease. We seek to reduce the turnaround time to rent out a vacated apartment through our efficient sales management system. The security deposits we require from our tenants, which on average represented one to two months' rental as of September 30, 2020, may also be used to cover delinquent payments.

We seek to prevent and minimize the risk of tenant payment default through our robust, standardized tenant screening process (which includes credit checks, evaluations of household income and criminal background checks through a third-party credit service provider). We are connected with the systems of the public security bureaus in some of our existing cities to verify certain identification and other information our tenant submit. In addition, we cooperate with a third-party credit consulting service provider to obtain credit reports for potential tenants and keep a blacklist of tenants who default on their rental or rental installment loan payment. For FY 2020, approximately 12.4% of our tenants defaulted on their rental or rental installment loan payment. In the cases of tenant default, historically, the forfeited tenant deposits usually covered the potential losses on our part.

Cooperation on Apartment Renovation

In August 2018, we started to work with a rental service company owned by a bank in apartment sourcing and renovation under a financing arrangement model. Under this model for certain newly sourced apartments, which has been implemented in Shanghai and Hangzhou, we continue to be responsible for the entire operating process, including identifying potential apartments for rent, rental pricing and procuring and paying for apartment renovation. Once we have finished the renovation, the rental service company reimburses us for our costs incurred for the renovation. We make payments to the rental service company in installments equal to the reimbursed renovation costs plus interest and tax over a period of five years. At the end of the five-year period, the ownership of the renovation will be transferred to us. Under this arrangement, we also sell leasehold improvements and furniture, fixtures and equipment of certain existing apartments to the rental service company at carrying value and simultaneously lease them back. We were required to place a security deposit in the amount of three times the total monthly rent with the bank, which would be doubled if our occupancy rate fell below 75% or 85% in Shanghai or Hangzhou, respectively. The cooperation has provided us with access to a stable source of low-cost capital to finance our apartment renovation upfront, which helps us scale in a cost-efficient manner.

Due to the rising vacancy rate of our rental units caused by the COVID-19 pandemic, we decreased the number of apartment contracted by terminating some of the leases with landlords under this model. In April 2020, we started to modify this cooperation for apartments in certain cities. For some apartments under this model, we no longer lease in apartments from the rental service company or enter into new lease-out agreements with tenants. Instead, we transferred existing leases with tenants to the rental service company. The rental service company maintains the lease-in agreements with the landlords of the apartments, collects rental from the tenants directly and enters into lease-out agreements with new tenants directly. We are engaged by the rental service company to manage these apartments. Pursuant to this arrangement, we are responsible for hiring and supervising the third-party contractor including in its identification of potential tenants and daily operation, and receives fee income equals to the rental income from tenants minus the rental fee to landlords. For each of these apartments, if the rental collected from the tenants is less than the rental paid to the landlords, we are required to pay the rental service company this difference. As of September 30, 2020, we had transferred 25,375 of our rental units contracted and managed these rental units under this modified cooperation.

Our Data Analytics and Data Security

Our Data Analytics

We have accumulated extensive data from apartment rental and other related activities, including apartment information data, project management data, and data on landlord and tenants' attributes. We have optimized our database structure to make it more suitable for AI and machine learning processes. The data we have accumulated are continuously fed into and refine our data analytics, which are the backbone of our business. Our big data analytic capabilities enable us to achieve data fusion across business scenarios upon our core database to drive our operation efficiency and additional revenue opportunities. As of September 30, 2020, our research and development team of 101 data scientists and engineers worked continually to optimize our proprietary analytical models and improve our analytic capabilities.

For example, once information of available-for-rent apartments is input into our system, we store, cleanse, structure and encrypt the data, including landlord information, apartment information including price, location, residential compound name, floor, layouts, size, etc., for modeling exercise in an aggregated and anonymized fashion. Our technology-driven Smart Pricing System estimates appropriate rental cost and price by selecting and parsing historical rentals from recent comparable transactions in adjacent area from our own transaction data and public market data collected from third parties, and then automatically adjusts the level of the rentals based on multiple influencing factors, including size, orientation, and floor (high, medium or low). Our data analytics enable us to effectively manage occupancy rates and rental rates and implement and adjust our marketing strategy based on real-time data feedback.

Our data analytics also help us manage a fast-growing number of suppliers and contractors efficiently. Our contractors and suppliers can bid for renovation requests and maintenance service orders in real-time in our dynamic bidding system. We grade the contractors and suppliers based on their track record of project fulfillment and other criteria, and constantly update the grading based on the feedback from our systems for more efficient work allocation and better quality control.

We have also accumulated valuable data on our tenants from the apartment leasing process and after-rent services. Leveraging these data insights and our data algorithms, we are able to predict tenants' interests to construct big-data recommendation engines. This enables us to implement more tailored marketing and explore additional revenue opportunities.

Data Privacy and Security

Data privacy is of utmost importance to us. We dedicate significant resources to the goal of strengthening our user privacy protection, promoting a safe environment, and ensuring the security of user data.

Our tenants or landlords are required to register an account on our Qingke APP and sign up to a user agreement in the registration process. The user privacy section of the user agreement describes our data use practices and how privacy works. Specifically, we undertake to manage and use the data collected from users in accordance with applicable laws and make reasonable efforts to prevent the unauthorized use, loss, or leak of user data and will not disclose sensitive user data to any third party without users' approval except under legal requirement or certain circumstances specified in the user agreement. In addition, we use a variety of technologies to protect the data with which we are entrusted and have a team of privacy professionals dedicated to the ongoing review and monitoring of data security practices. For example, we store all user data in encrypted format and strictly limit the number of personnel who can access those servers that store user data. Only our senior management team and employees whose work is directly related have access to the data, and all of our employees must acquire prior approval to download any data. For our external interfaces, we also utilize firewalls to protect against potential attacks or unauthorized access.

We are committed to maintaining a secure information technology infrastructure. We have been granted a Level-3 data protection certification for our system by the relevant PRC regulatory authority, the highest level achievable by a non-financial institution in China. We have built a firewall that monitors and controls incoming and outgoing traffic and will automatically take reactive measures against threats. We also have a firewall between our private cloud services and public cloud services. We segregate our internal databases and operating systems from our external-facing services and intercept unauthorized access. We encrypt our data transmission, especially user data transmission, using sophisticated security protocols and algorithms to ensure confidentiality. We back up our user data and operating data on a daily basis in separate back-up systems to minimize the risk of user data loss or leakage. In particular, we have adopted comprehensive policies and measures to comply with the relevant PRC secrecy laws and regulations. We also provide personal information security protection training to our relevant employees, and require them to report any information security breach. Upon the occurrence of an information security breach, we will follow pre-determined procedures and systems to respond to any such incident in accordance with our policies and measures. We have also adopted and implemented a comprehensive set of rules and policies relating to information system integrity to prevent physical and cyberspace security breach, such as running code tests before applying new codes. We perform periodic reviews of our information technology infrastructure, identifying and mitigating problems that may undermine our system security.

Technology Systems and Infrastructure

Our technology-driven, end-to-end systems are built on a highly-scalable and reliable public and proprietary cloud-based technology infrastructure. We have invested heavily in standardization of our technology systems, which are in continuous maintenance and upgrade processes and built to have scalability to support our growth. Our information technology system includes (i) front-end mobile applications such as Qingke APP and Qingke mini program on WeChat; (ii) business management systems for each step of a rental transaction, such as our smart pricing and contractor bidding systems, (iii) support and management systems to provide back office and operational management support, such as management reporting and performance evaluation and (iv) Internet of things technology to remotely manage our dispersed apartments, e.g. our smart electric meters and smart door locks.

We have built an efficient, scalable and stable information technology infrastructure to provide strong computing ability for our information systems. Our technology infrastructure has been fully integrated with our computer environments and business requirements to serve as a powerful engine for business operation. As of September 30, 2020, our information technology infrastructure included seven data centers and about 162 servers, with over 528 access nodes and with storage capacity of over 1,112 terabytes.

- *Real-time analytics*. We ingest a large amount of data through multiple highly optimized points and analyze them using both offline batch processing and online real-time processing through streaming technologies. This architecture allows us to combine multiple data dimensions and apply various machine learning algorithms in real-time to our data, including in rental pricing and contractor bidding for renovation projects. For example, our system analyzes potential tenants' traits simultaneously while they are searching for rental units on our Qingke APP, and recommends relevant rental units based on their location and budget, etc. as inferred by our data analytics. In addition, our apartment sourcing team adjusts the number of new apartments to be leased in simultaneously according to our real-time lease-out operating data.
- *Scalability*. With modular architecture that is built to be horizontally scalable, our technology systems can be easily expanded as data storage and processing requirements increase to support our centralized management of a large dispersed portfolio of apartments. For example, our third-party servers can be expanded within a few minutes by simply submitting an expansion request. Our data repositories are clustered and our data processing architecture is distributed in several cities in China, which supports efficient expansion. When need arises, we can easily add servers and integrate them into our existing server clusters as either data nodes or processing nodes.
- *Stability*. Our technology layers have built-in software and hardware redundancy and will automatically switch if any error is detected. We implement a real-time data backup mechanism to ensure the reliability of our information technology infrastructure. Our system adopts modular architecture that consists of multiple connected components, each of which can be separately upgraded and replaced without compromising the functioning of other components. In addition, we have implemented a disaster recovery plan that involves hosting our information technology infrastructure in separate locations in China, including third-party backup data servers for disaster recovery. We believe our information technology infrastructure is highly stable. We have not experienced any major interruption of our information technology infrastructure since inception.

Risk Management

We face various types of risk in our business ranging from broad economic, rental market and interest rate risks, to more specific factors, such as re-leasing of properties and competition for properties, credit risk related to our tenants, and cash management risk where we are required to return the rental prepayment upon termination of a lease, either by tenants or by us due to, for example, tenant default.

We believe that our technology-driven systems and business processes allow us to monitor, manage and ultimately navigate these risks. For example, we seek to reduce the impact of increase in rental cost and shortage in supply by entering into long-term leases with landlords, with an agreed rent control period and a rent increase schedule. This provides us with a stable supply of properties as well as visibility into cost fluctuation.

We cooperate with a number of financial institutions, which provide rental installment loans to our tenants, and we provide guarantee. We may also provide additional credit enhancement in the form of security deposits, usually no more than 5% of the total outstanding loan balance with the relevant financial institutions with respect to our tenants' repayment of the loans. We seek to prevent and minimize the risk of tenant default through our robust, standardized tenant screening process (which includes credit checks, evaluations of household income and criminal background checks), and technology, including the installation of smart digital locks on each of our apartment and bedroom doors to deny apartment and bedroom access if a tenant defaults on payment after sufficient warning, and our efficient sales management system to reduce the turnaround time to rent out a vacated apartment. Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants. See "Item 3. Key Information — D. Risk Factors — Risks Related to Our Business and Industry — Our results of operation, financial condition, and reputation would be adversely affected if a significant number of our tenants fail to meet their obligations in connection with the lease."

We encourage tenants to prepay rental and have used the prepayments to finance our operation and expansion. To the extent a lease is terminated before the rental period covered by the prepayment, we shall, upon such termination, return the unused prepaid rents, typically in a lump sum, to the tenant, or to our financial intuition partner where the tenant has used the rental installment loan granted by such financial institution to finance his/her rental prepayment. To manage potential liquidity risks arising from such early termination, we have adopted a stringent cash management policy, which involves monitoring the level of outstanding rental installment loan on the one hand, and our expenses and other capital requirements and available sources of financing on the other hand on a monthly basis to determine the maximum scale of rental installment loan for the following month. We also regularly monitor our current and expected liquidity requirements to ensure that we maintain sufficient cash balances of at least one month's rental cost to meet our liquidity needs.

Furthermore, we have been exploring alternative sources of financing to reduce our reliance on tenants' rental prepayments. For example, in August 2018, we started to cooperate with a rental service company owned by a bank to finance apartment renovation under a financing arrangement model, which was modified starting from April 2020. See "Item 4. Information on the Company — B. Business Overview — Our Cooperation with Financial Institutions — Cooperation on Apartment Renovation." As of September 30, 2020, we had transferred 25,375 of our rental units contracted and managed these rental units under this modified cooperation. Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants. The total outstanding principal amount of rental installment loans decreased from RMB756.7 million as of September 30, 2019 to RMB54.5 million (US$8.0 million) as of September 30, 2020. We have also been exploring asset-light strategies, including sourcing furnished apartments from landlords to reduce our upfront capital outlay. In early 2020, we started to expand our business to Sichuan and Chongqing by acquiring lease contracts with landlords and tenants and related fixtures and equipment for approximately 47,000 rental units in Sichuan and Chongqing from another rental service company. However, given the closing conditions were not fulfilled by September 30, 2020, this acquisition has been terminated in substance. In July 2020, to replenish and expand our rental units portfolio, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China.

Research and Development

We invest substantial resources in research and product development. Our research and development efforts are focused primarily on improving our technology and developing new systems that are complementary to existing ones including our pricing system and project management system. As of September 30, 2020, we had a research and development team of 53 employees, representing more than 21.4% of our total employees.

Intellectual Property

Our copyrights, trademarks, trade secrets, domain names and other intellectual properties are important to our business and we devote significant time and resources to their development and protection. We rely on intellectual property laws and confidentiality agreements to protect our intellectual property rights. In addition, we generally control access to and use of our proprietary and other confidential information through the use of internal and external controls, such as use of confidentiality agreements with our employees and outside consultants.

As of September 30, 2020, we had 33 copyrights, 31 trademarks and three domain names registered in China, and one patent and five trademarks registered outside China. Our intellectual properties are complementary and indispensable to each other to form the basis of our services and solutions and our operational systems. We intend to file additional intellectual property applications as we continue to innovate through our research and development efforts, and to pursue additional intellectual property protection to the extent we deem it beneficial and cost-effective.

From time to time, we incorporate certain intellectual property licensed from third parties, including under certain open source licenses. Even if any such third-party technology did not continue to be available to us on commercially reasonable terms, we believe that alternative technologies would generally be available as needed. For additional information about our intellectual property and associated risks, see "Item 3. Key Information — D. Risk Factors — Risks Related to Our Business and Industry — We may be subject to intellectual property infringement or misappropriation claims by third parties, which may force us to incur substantial legal expenses and, if determined adversely against us, could materially disrupt our business."

Competition

China's long-term apartment rental market is highly competitive. We believe the principal competitive factors in the apartment rental market include:

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

In particular, our competitors in sourcing apartments are companies with business similar to us, which may be large participants in the apartment rental market and may have greater resources than we do. These competitors may rent apartments that meet our requirements before we do as they have rapid access to the information of available apartments. In addition, our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of rental apartments. Our primary competitors in renting out rental apartments include other companies with business similar to us and apartment owners who directly rent their apartments to tenants. Our competitors' apartments may be newer, better located, at more affordable rents, with better incentives, amenities and value-added services and more attractive to tenants than our rental apartments may be. Our competitors may have higher rates of occupancy than we do, better access to tenant information or may have superior access to capital and other resources, which may result in our competitors more easily locating tenants and leasing available apartments at lower rental rates than we might offer at our rental apartments. Moreover, some competing housing options may qualify for government subsidies that may make such options more accessible and therefore more attractive than our rental apartments. However, we believe that our concentration on and experience in the apartment rental business, and our advanced system, and technology utilized in our apartment sourcing, renovation, operation and maintenance, provide us with competitive advantages.

Insurance

In line with general market practice, we do not maintain any business interruption insurance, which is not typical in our industry or mandatory under PRC laws. We do not maintain key-man life insurance or insurance policies covering damages to our IT infrastructure or information technology systems. We also do not maintain insurance policies against risks relating to the contractual arrangements. We do not maintain insurance policies for landlords, tenants or contractors.

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including housing, pension, medical insurance, childbirth insurance, work-related injury insurance, employment injury insurance, maternity insurance, and unemployment insurance.

Legal Proceedings

We have been, may from time to time be, subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. Please refer to Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Legal Proceedings.

Seasonality

Please refer to Item 5. Operating and Financial Review and Prospects — A. Operating Results — Key Factors Affecting Our Results of Operations — General Factors Affecting Our Results of Operations — Seasonality.

Regulations

We operate in an increasingly complex legal and regulatory environment. We are subject to a variety of PRC and foreign laws, rules and regulations across numerous aspects of our business. This section sets forth a summary of the principal PRC laws, rules and regulations relevant to our business and operations in the PRC.

Regulations Relating to Foreign Investment

Companies established and operating in the PRC shall be subject to the Company Law of the PRC, or the PRC Company Law, which was promulgated on December 29, 1993 and newly amended on December 28, 2013 and October 26, 2018. The PRC Company Law provides general regulations for companies set up and operating in the PRC, including foreign-invested companies. Unless otherwise provided in the PRC foreign investment laws, the provisions in the PRC Company Law shall prevail.

Investments in the PRC by foreign investors and foreign-invested enterprises are regulated by the Special Administrative Measures (Negative List) for the Access of Foreign Investment, or the Negative List, the latest version of which was promulgated by the NDRC and the PRC Ministry of Commerce, or the MOFCOM on June 23, 2020 and became effective as of July 23, 2020 and Catalogue of Industries for Encouraging Foreign Investment, or the Encouraging Catalogue, the latest version of which was promulgated by the NDRC and the MOFCOM on December 27, 2020 and became effective as of January 27, 2021. The Negative List and the Encouraging Catalogue jointly categorize the industries into three categories: encouraged industries, restricted industries and prohibited industries. Establishment of wholly foreign-owned enterprises is generally allowed in industries outside of the Negative List. For the restricted industries within the Negative List, some are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold the majority interests in such joint ventures. Foreign investors are not allowed to invest in industries in the Negative List. Industries not listed in the Negative List are generally open to foreign investment unless specifically restricted by other applicable PRC regulations. The Negative List expands the scope of permitted industries by reducing the number of industries that fall within the previous negative list where restrictions on the shareholding percentage or requirements on the composition of board or senior management still exists.

The Foreign Investment Law became effective on January 1, 2020 and has replaced the trio of three previous laws regulating foreign investment in China, or the Three FIE Laws, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations, as the legal foundation for foreign investment in the PRC. Generally speaking, the PRC Company Law or the PRC Partnership Law shall apply with respect to an FIE's organization. This is aimed to put an end to any discrepancy between the Three FIE Laws and the Company Law.

The Foreign Investment Law mainly stipulates four forms of foreign investors, which includes: (a) a foreign investor, individually or collectively with other investors, establishes a foreign-invested enterprise within PRC; (b) a foreign investor acquires stock shares, equity shares, interests in assets, or other like rights and interests of an enterprise within PRC; (c) a foreign investor, individually or collectively with other investors, invests in a new project within PRC; and (d) foreign investors invest in China through any other methods under laws, administrative regulations, or provisions prescribed by the State Council. Compared with the Three FIE Laws, the Foreign Investment Law is profoundly different in the following aspects:

- Application of a pre-establishment national treatment. According to the Foreign Investment Law, the PRC governments shall govern foreign investment according to the system of pre-establishment national treatment, which requires treatment given to foreign investors and their investments during the market access stage shall not be inferior to treatment afforded to PRC domestic investors and their investment except where a foreign investment falls into the orbit of the Negative List.
- Application of an updated Investment Management. Pursuant to the Foreign Investment Law, the State shall establish a foreign investment information report system. Foreign investors or FIEs shall submit investment information to the competent department for commerce through the enterprise registration system and the enterprise credit information publicity system. The content and scope of information subject to the reporting obligations shall be determined under the principle of necessity. In addition, the State shall establish a security review system for foreign investment, under which a security review shall be conducted for any foreign investment affecting or having the possibility to affect the state security.

In addition, the Foreign Investment Law also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their policy commitments to the foreign investors and perform all contracts entered into in accordance with the law; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriate or requisition the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; foreign investors' funds are allowed to be freely transferred out and into the territory of PRC, which run through the entire lifecycle from the entry to the exit of foreign investment; and providing an all-around and multi-angle system to guarantee fair competition of foreign-invested enterprises in the market economy. Furthermore, the Foreign Investment Law provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the Foreign Investment Law, which means that foreign invested enterprises may be required to adjust the structure and corporate governance in accordance with the current PRC Company Law and other laws and regulations governing the corporate governance.

On December 12, 2019, the State Council promulgated the Implementation Regulations of Foreign Investment Law, or the Implementation Regulations, which simultaneously came into force with the Foreign Investment Law from January 1, 2020. The Implementation Regulations provides specific operation rules for the principles of investment protection, investment promotion and investment management in the Foreign Investment Law.

Regulations Relating to Foreign Investment in the Value-Added Telecommunication Services

The Telecommunications Regulations of the People's Republic of China, which was promulgated by the State Council on September 25, 2000 and last amended on February 6, 2016, categorizes all telecommunications businesses in China as either basic telecommunications businesses or value-added telecommunications businesses. Further, according to the Catalog of Telecommunications Business, attached to the Telecommunications Regulations and last mended by the MIIT on December 28, 2015, information services provided via fixed network, mobile network and Internet fall within value-added telecommunication services.

The State Council promulgated the Administrative Rules on Foreign-invested Telecommunications Enterprises in December 2001, as last amended on February 6, 2016, or the FITE Regulations. The FITE Regulations set forth detailed requirements with respect to capitalization, investor qualifications and application procedures in connection with the establishment of a foreign-invested telecommunications enterprise. These administrative rules require a foreign-invested value-added telecommunications enterprises in mainland China to be established as Sino-foreign joint ventures, which the foreign investors may acquire up to 50% of the equity interest of such enterprise.

In July 2006, MIIT publicly released the Notice on Strengthening the Administration of Foreign Investment in Operating Value-added Telecommunications Business, or the MIIT Notice, which reiterates certain provisions under the FITE Regulations. According to the MIIT Notice, if any foreign investor intends to invest in a PRC telecommunications business, a foreign-invested telecommunications enterprise must be established and such enterprise must apply for the relevant telecommunications business licenses. Under the MIIT Notice, domestic telecommunications enterprises are prohibited from renting, transferring or selling a telecommunications license to foreign investors in any form, and from providing any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China.

Regulations Relating to Residential Tenancy

The laws and regulations governing residential tenancy in China are still developing and evolving. Most of them are in the form of government opinions, rules or circulars issued by different government agencies at the national or local level rather than detailed legislations. These government opinions, rules or circulars are aimed at encouraging, facilitating and guiding the development of residential tenancy market. The following provides a summary.

On January 6, 2015, the Ministry of Housing and Urban-rural Construction, or MOHURD, released Guidelines on the cultivation and development of residential tenancy market, which encourage the establishment of residential tenancy organizations. Residential tenancy organizations are encouraged to purchase or lease homes for long-term, and re-decorate the homes before renting out to the public.

Furthermore, on May 17, 2016, the State Council released Several Opinions of the General Office of the State Council on Accelerating the Cultivation and Development of the Home-Rental Market, which set forth the following principles:

- Transformation on properties for rental is allowed. Commercial properties are allowed to be transformed to rental homes with land use duration and plot ratio unchanged, the purpose of land use shall be adjusted from commercial to residential, and after the adjustment, the prices of utilities like water, electricity, and gas shall follow residential standards. Transformation on residential properties for rental according to the national and local housing design standards is allowed, and the transformation shall not alter existing fire-proof compartmentation, emergency evacuation or fire separation facilities so as to ensure the intactness and validation of fire protection facilities.
- Preferential policies encouraging individuals to rent out homes shall be implemented and individuals shall be encouraged to rent out their proprietary properties in accordance with the laws. Leasing of residential properties by individuals shall be regulated. Individuals are encouraged to entrust their homes to home-rental enterprises or intermediary agencies for rental.
- Local governments shall adopt preferential policies and measures to support leasing of residential properties by individuals, and guide urban residents to resolving housing issues through residential tenancy. Laws and regulations on residential tenancy shall clearly define the rights and obligations of the parties in residential tenancy, regulate market conducts, and stabilize landlord-tenant relationship. Exemplary residential lease texts and online execution of contract shall be implemented, and the residential lease registration and recordation system shall be implemented.

- Provincial-level governments shall strengthen the administration of home rental market within their respective administrative regions. Municipal governments shall take the general charge of the administration of the home-rental market within their respective administrative regions, establish a regulatory system with the cooperation of multiple departments. Local governments shall establish a residential tenancy information service and regulatory system to promote information sharing between government agencies.
- Local housing authorities shall be responsible for the administration and coordination of the home-rental market, strengthen the administration of residential tenancy market in coordination with relevant departments, improve the credit administration system of residential tenancy enterprises, intermediary agencies and professionals, and keep credit records of relevant market participants which shall be incorporated into the national credit information sharing platform for the regulation and punishment of market participants with serious loss of credit. The public security authorities shall strengthen the public security administration of rented properties, residential tenancy and the residence registration in rental homes residential tenancy, urge and guide neighborhood committees, villagers committees, property service enterprises and other administration entities in screening for potential safety risks. All related government agencies shall, according to their powers, duties and division of work, investigate and prosecute the engagement in illegal activities in rented homes.

On May 19, 2017, the MOHURD published for public discussion the Measures on Management of Residential Tenancy and Home Sales (Discussion Draft), the deadline of receiving comments of which was June 19, 2017 and as of the date hereof, the MOHURD has not yet promulgated and made public any further rules, regulations, notices or circulars in this regard. However, it reflects, to certain extent, the regulatory thinking with regard to residential tenancy as follows:

- Landlords shall ensure the safety and basic function of rented homes. Residential tenancy enterprises shall screen the identity of tenants and keep a truthful record thereof. Landlords shall not evict the tenants through violence, threats, or other coercive methods to repossess the properties.
- Landlords shall ensure that each room in the rented homes conforms to certain standards regarding maximum of tenants and minimum floor space in a single room. Such standards shall be promulgated by local authorities. Non-residence space such as kitchens, bathrooms, balconies and basement storage space shall not be rented for residential purpose.
- Leases shall contain a duration clause. Duly executed leases that last over three years are encouraged and shall receive support by local governments.
- Landlords and tenants shall register signed leases at the local housing authorities within 15 days after the execution of the leases.
- Residential tenancy enterprises shall, within 30 days of its establishment, report to local housing authorities. Housing authorities shall publish information of residential tenancy enterprises in a timely manner and inspect residential tenancy enterprises.

On July 18, 2017, the MOHURD, the National Development and Reform Commission, or the NDRC, and the Ministry of Public Security, or the MPS, jointly released Notice of Accelerating the Development of Residential Tenancy Industry in Large to Medium Sized Cities with Positive Population Influx, which states the following:

- Institutionalized residential tenancy enterprises are encouraged. Home developers, realtors and property management enterprises are encouraged to expand its business into residential tenancy industry.
- Housing authorities shall establish an online lease recordation system. Housing authorities shall also regulate and supervise the rental process in the residential tenancy industry including ensuring the truthfulness of residential tenancy advertisements and standardizing the residential tenancy process.

- To increase the supply of rental homes, local governments are encouraged to provide new land zoned for residential tenancy properties. Financial institutions are encouraged to extend more loans to residential tenancy enterprises with controllable risks and sustainable business operation.
- Different departments in local governments shall jointly enforce laws and regulations regarding residential tenancy and maintain the order of the residential tenancy market.

Since 2017, local governments of major cities in the PRC, including but not limited to Shanghai, Beijing, Hangzhou, Suzhou, Wuhan, Nanjing have promulgated notices regarding the measures to implement policies released by the state council and Ministry of Housing and Urban-rural Construction, which mainly include (i) tax and financial support to residential tenancy industry; (ii) improvement of local rules on residential tenancy; (iii) standards regarding maximum tenants and minimum floor space in a single rented room. To further illustrate this point, we summarize the standards regarding maximum tenants and minimum floor space in a single rented room adopted by the local governments in Beijing, Shanghai, Hangzhou, Suzhou, Wuhan and Nanjing as below:

- Beijing: non-residence space such as kitchens, bathrooms, balconies and basement storage space is not allowed to be rented for residential purpose; a room is not allowed to be divided into smaller sections for rental; the minimum rented floor space per capita is five square meters; a single rented room is not allowed to accommodate more than two persons. Only a room designed for residential purpose, including a living room, can be leased as a unit for rental and such room cannot be segmented into more rooms for rental.
- Shanghai: residential tenancy are banned if: (i) a single room is divided into smaller sections for rental; (ii) non-residence space such as kitchens, bathrooms, balconies and basement storage space is rented for residential purpose; (iii) rented floor space per capita is below five square meters; or (iv) a single rented room accommodates more than two persons. Living rooms are allowed to be rented only if the floor space exceeds 12 square meters.
- Hangzhou: non-residence space such as dining rooms, kitchens, bathrooms, balconies, corridors, storage room and basement storage space is not allowed to be rented for residential purpose; a single room is not allowed to be divided into smaller sections for rental; living rooms are allowed to be rented for residence purpose; the minimum rented floor space per capita is four square meters.
- Suzhou: non-residence space such as kitchens, bathrooms, balconies, garage and basement storage space is not allowed to be rented for residential purpose; a single room is not allowed to be divided into smaller sections for rental; living rooms with floor space over 12 square meters are allowed to be rented for residence purpose; the minimum rented floor space per capita is four square meters; a single rented room is not allowed to accommodate more than two persons.
- Wuhan: non-residence space such as dining rooms, kitchens, bathrooms, balconies, corridors, storage room and basement storage space is not allowed to be rented for residential purpose; a single room is not allowed to be divided into smaller sections for rental; living rooms with floor space over 12 square meters are allowed to be rented for residence purpose; the minimum rented floor space per capita is five square meters; a single rented room is not allowed to accommodate more than two persons.
- Nanjing: non-residence space such as kitchens, bathrooms, balconies, garage and basement storage space is not allowed to be rented for residential purpose; a room is not allowed to be divided into smaller sections for rental; the minimum rented floor space per capita is 15 square meters; a single rented room is not allowed to accommodate more than two persons.

On December 13, 2019, the MOHURD, NDRC, MPS, State Administration for Market Regulation, or the SAMR, China Banking and Insurance Regulatory Commission, or the CBIRC, and Cyberspace Administration of China promulgated Opinions on Rectification and Normalization of Home-rental Market, which states, among others:

- Rental loans shall be released by banks at same intervals as the payment of rent by tenants. Banks shall screen tenants applying for rental loans regarding their ability to repay loans and avoid the formation of cash pool by home-rental enterprises. Home-rental enterprises shall not require or solicit tenant to apply for rental loan by concealment, fraud, coercion or by offering discounts in rent.

- For home rental enterprises, the aggregate amount of rental loans shall not exceed 30% of their total rental income. Any non-compliance in this regard shall be rectified by the end of 2022.

In September 2020, the MOHURD published Measures on Residential Tenancy (Discussion Draft) for public discussion, which states, among others:

- Residential rental operators are prohibited from inducing tenants to utilize rental installment loans by providing rental discounts or by including any terms of rental installment loans in the rental agreement.
- Commercial banks may extend a rental installment loan only if the lease agreement has been registered with local housing bureau and the term of the loan does not exceed the duration of the tenancy.
- MOHURD is empowered to set standards of qualification for residential rental operators on financial position, expertise and managing abilities.
- Municipal governments are empowered to promulgate local policies to regulate rental income and deposits received by residential rental operators with a regulatory focus on high-risk circumstances where (1) the rent paid to the landlord is higher than the rent received from the tenants; and (2) the credit term of rent payment to landlords are longer than the credit term of receiving rent payment from the tenants.

Regulations Relating to Leasing

In May 2020, the National People's Congress, or the NPC, passed the PRC Civil Code, of which Chapter 14 governs lease contracts. According to the PRC Civil Code, subject to the consent of the lessor, the lessee may sublease the leased item to a third party. Where the lessee subleases the leased item, the leasing contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the contract if the lessee subleases the leased item without the consent of the lessor.

Under the Law on Urban Real Estate Administration promulgated by the Standing Committee of National People's Congress, or the SCNPC, which took effect in January 1995 and amended in August 2009 and the Administrative Measures for Commodity House Leasing promulgated by the Ministry of Housing and Urban-rural Construction, which took effect in February 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract prescribing such provisions as the leasing terms, use of the premises, rental price, rental payment and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to file the lease contract with the local real estate administration department. Pursuant to these laws and regulations and various local regulations, if the lessor and lessee fail to go through the recordation procedure in the prescribed period, both lessor and lessee may be subject to administrative penalties, and the leasing interest therein will be subordinated to third parties' rights.

Furthermore, according to the Law on Urban Real Estate Administration, the leasing of residential premises shall correspond with the rules and policies stipulated by the people's government of the State and the region where these residential premises are located.

In Shanghai, since January 2015, several qualified institutions have been encouraged to engage in the long-term lease and sublease of the vacant premises or accept commission from the owners or other holders to lease their properties. Each of these institutions shall be registered as an independent enterprise legal entity and be approved to conduct "real estate agency" business.

Regulations Relating to Decoration Projects

Under the Law on Construction promulgated by the SCNPC, which took effect in November 1997 and amended in July 2011 and the Regulations on the Quality Management of Construction Projects, or the Construction Projects Regulations, which took effect in January 2000 and amended in October 2017, in the case of a decoration project involving a change of the main structure or load-bearing structure of a building, the owner of this project shall be obliged to acquire the design scheme from the original design entity or another design entity with the corresponding qualification grade prior to its implementation and operation. If the decoration project is carried out without the qualified design scheme, the owner may be required to amend this and subject to administrative fines. Pursuant to the Construction Projects Regulations, where the owner of a construction project, commits any of the following acts, it shall be ordered to make corrections, and shall be imposed a fine of not less than 2% but not more than 4% of the contractual project price; if any losses have been caused, it shall be liable for making compensation including (i) arbitrarily delivering the project for use before organizing the acceptance inspection, (ii) arbitrarily delivering the project for use in the event that the project has not passed the acceptance inspection, or (iii) inspecting and accepting a substandard construction project as one which is up to standards. With a view to controlling the air contamination and hazards in an indoor space, in 2002 the State Environmental Protection Administration issued the Indoor Air Quality Standards (GB/T18883-2002), which was generally applicable to residential and office building as well as other similar indoor environment. Subsequently, in 2013 the MOHURD promulgated the Standard for Indoor Environmental Pollution Control of Civil Building Engineering (GB50325-2010) to further stipulate the standards for preventing the indoor environmental hazards generated by construction materials and decorative building materials used for a civil building engineering, inter alia, radon, methanol, aminobenzene, toluene and xylene and total volatile organic compounds. To sum up, the rental apartments we are operating shall be up to the air quality and environmental protection standards as listed above before they are rented out to the tenants, otherwise we may be subject to civil liabilities or administrative fines for our failure in compliance with all the environmental laws or regulations or technical standards relating to renovation of our rental apartments.

Regulations on Consumer Protection

In October 1993, the SCNPC promulgated the Law on the Protection of the Rights and Interests of Consumers, or the Consumer Protection Law, which became effective on January 1, 1994 and was further amended on August 27, 2009 and October 25, 2013. Under the Consumer Protection Law, any business operator providing a commodity or service to a consumer is subject to certain mandatory requirements, including the following:

- to ensure that commodities and services up to certain safety requirements;
- to protect the safety of consumers;
- to disclose serious defects of a commodity or a service and to adopt preventive measures against occurrence of damage;
- to provide consumers with accurate information and to refrain from conducting false advertising;
- to obtain consents of consumers and to disclose the rules for the collection and/or use of information when collecting data or information from consumers; to take technical measures and other necessary measures to protect the personal information collected from consumers; not to divulge, sell, or illegally provide consumers' information to others; not to send commercial information to consumers without the consent or request of consumers or with a clear refusal from consumers;
- not to set unreasonable or unfair terms for consumers or alleviate or release itself from civil liability for harming the legal rights and interests of consumers by means of standard contracts, circulars, announcements, shop notices or other means;
- to remind consumers in a conspicuous manner to pay attention to the quality, quantity and prices or fees of commodities or services, duration and manner of performance, safety precautions and risk warnings, after-sales service, civil liability and other terms and conditions vital to the interests of consumers under a standard form of agreement prepared by the business operators, and to provide explanations as required by consumers; and

- not to insult or slander consumers or to search the person of, or articles carried by, a consumer or to infringe upon the personal freedom of a consumer.

Business operators in China may be subject to civil liabilities for failing to fulfill the obligations discussed above. These liabilities include restoring the consumer's reputation, eliminating the adverse effects suffered by the consumer, and offering apology and compensation for any loss thus incurred to the consumer. The following penalties may also be imposed by relevant governmental agencies upon business operators for the infraction of these obligations: issuance of a warning, confiscation of any illegal income, imposition of a fine, an order to cease business operation, revocation of its business license or imposition of criminal liabilities under circumstances that are specified in laws and statutory regulations.

In December 2003, the Supreme People's Court in China enacted the Interpretation of Some Issues Concerning the Application of Law for the Trial of Cases on Compensation for Personal Injury, which further enhances the liabilities of business operators engaged in the operation of accommodation, restaurants, or entertainment facilities and subjects such operators to compensatory liabilities for failing to fulfill their statutory obligations to a reasonable extent or to guarantee the personal safety of others.

Regulations relating to Information Security and Censorship

Internet content in China is also strictly regulated and restricted from a state security standpoint. Pursuant to the Decision Regarding the Protection of Internet Security enacted by the SCNPC on December 28, 2000, which was amended on August 27, 2009, any attempt to undertake the following actions may be subject to criminal punishment in China:

- gaining improper entry into a computer or system of national strategic importance;
- disseminating politically disruptive information;
- leaking government secrets;
- spreading false commercial information; or
- infringing intellectual property rights.

The MPS has also promulgated a series of measures that prohibit the use of the internet in ways that, among other things, result in the leakage of government secrets or the spread of socially destabilizing content. The MPS and its local counterparts have supervision and inspection powers in this regard, and we may be subject to the jurisdiction of the local security bureaus. If an internet information service provider violates these measures, the PRC government may revoke its license and shut down its website. In 1997, the MPS issued the Administration Measures on the Security Protection of Computer Information Network with International Connections, which was amended by the State Council on January 8, 2011 and prohibited using internet in ways which, among others, resulted in a leakage of state secrets or spreading of socially destabilizing content.

Moreover, on December 7, 2016, the SCNPC promulgated the Cyber Security Law of the People's Republic of China, which became effective on June 1, 2017, pursuant to which, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in contravention of the laws or agreements between both parties.

Regulations relating to Protection of User Identity and Information

The security and confidentiality of information on the identity of internet users are also highly regulated in China. The Internet Information Service Administrative Measures promulgated by the State Council requires internet information service providers to maintain an adequate system that protects the security of user information. In December 2005, the MPS promulgated the Regulations on Technical Measures of Internet Security Protection, requiring internet service providers to utilize standard technical measures for internet security protection. Moreover, the Rules for Regulating the Market Order of Internet Content Services, which was promulgated in December 2011, further enhances the protection of internet users' personal information by prohibiting internet information service providers from unauthorized collection, disclosure or use of personal information of their users.

In December 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection to enhance the legal protection of information security and privacy on the internet. On July 16, 2013, the Ministry of Industry and Information Technology, or the MIIT, promulgated the Provisions for the Protection of Telecommunication and Internet User Personal Information, or the Provisions for the Protection of Person Information. According to the Provisions for the Protection of Person Information, under which Internet information service providers are subject to strict requirements to protect personal information of internet users, including: if a network service provider wishes to collect or use personal information, such personal information collected shall be used only in connection with the services to be provided by Internet information service providers to such users and shall be kept in strict confidence. Furthermore, it must disclose to its users the purpose, method and scope of any such collection or usage, and must obtain consent from the users whose information is being collected or used. Network service providers are also required to establish and publish their protocols relating to personal information collection or usage, keep any collected information strictly confidential and take technological and other measures to maintain the security of such information. Network service providers are required to cease any collection or usage of the relevant personal information, and de-register the relevant user account, when a user stops using the relevant Internet service. Network service providers are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such personal information unlawfully to other parties. In addition, if a network service provider appoints an agent to undertake any marketing or technical services that involve the collection or usage of personal information, the network service provider is required to supervise and manage the protection of the information. Pursuant to the Provisions for the Protection of Person Information, in broad terms, that violators may face warnings, fines, public exposure and, in the most severe cases, criminal liability.

Regulations relating to Mobile Internet Applications Information Services

In China a mobile internet application is governed by the Provisions on the Administration of Mobile Internet Application Information Services, or the Provisions on Administration of Application, as promulgated by the Cyberspace Administration of PRC on June 28, 2016 and became effective on August 1, 2016.

Pursuant to the Provisions on Administration of Application, application information service providers shall obtain the relevant qualifications as required by laws and regulations, strictly implement their information security management responsibilities, and carry out the duties including to establish and complete user information security protection mechanism, to establish and complete information content inspection and management mechanisms, to protect users' right to know the right to choose in the process of usage, and to record users' daily information and preserve it for sixty (60) days.

Regulation Relating to Intellectual Property

The Copyright Law

PRC has enacted various laws and regulations relating to the protection of copyright. PRC is a signatory to some major international conventions on protection of copyright and became a member of the Berne Convention for the Protection of Literary and Artistic Works in October 1992, the Universal Copyright Convention in October 1992, and the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

The Copyright Law of the PRC (2010 Revision), or the Copyright Law, which was promulgated on September 7, 1990 and subsequently amended on October 27, 2001 and February 26, 2010 and the Implementation Regulation of the Trademark Law of the PRC promulgated by the State Council on August 2, 2002 and further amended on January 8, 2011 and January 30, 2013 provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The purpose of the Copyright Law aims to encourage the creation and dissemination of works which is beneficial for the construction of socialist spiritual civilization and material civilization and promotes the development and prosperity of Chinese culture.

Pursuant to the Computer Software Protection Regulations, as promulgated by the State Council on December 20, 2001, and most recently amended on January 30, 2013, Chinese citizens, legal persons and other organizations shall enjoy copyright on the software they develop, regardless of whether the software has been released publicly. Software copyright commences from the date on which the development of the software is completed. The protection period for software copyright of a legal person or other organizations shall be 50 years, concluding on December 31 of the 50th year after the software's initial release. In order to further implement the Computer Software Protection Regulations, the State Copyright Bureau issued the Regulations for Computer Software Copyright Registration Procedures on February 20, 2002, which apply to software copyright registration, license contract registration and transfer contract registration.

The Trademark Law

Trademarks are protected by the Trademark Law of the People' Republic of China (2013 Revision) which was promulgated on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001 and August 30, 2013 respectively as well as the Implementation Regulation of the PRC Trademark Law adopted by the State Council on August 3, 2002 and further amended on April 29, 2014. In China, registered trademarks include commodity trademarks, service trademarks, collective trademarks and certification trademarks.

The Trademark Office under the SAMR, handles trademark registrations and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within 12 months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office to be recorded. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As with trademarks, the PRC Trademark Law has adopted a "first come, first file" principle with respect to trademark registration. Where the trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

The Patent Law

According to the Patent Law of the People's Republic of China (2008 Revision) promulgated by the SCNPC, and its Implementation Rules (2010 Revision) promulgated by the State Council, the State Intellectual Property Office of the PRC is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, "invention", "utility model" and "design". Invention patents are valid for twenty years, while design patents and utility model patents are valid for ten years, from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Domain Names

On May 29, 2012, the China Internet Network Information Center, or the CNNIC issued the Implementing of the Rules for China Internet Network Information Center Domain Name Registration (2012 Revision), setting forth detailed rules for registration of domain names. The MIIT promulgated the Administrative Measures on Internet Domain Name, or the Domain Name Measures on August 24, 2017, which became effective on November 1, 2017. According to the Domain Name Measures, domain name owners are required to register their domain names and the MIIT is in charge of the administration of PRC Internet domain names. The domain name services follow a "first come, first file" principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

Regulations Relating to Foreign Exchange

General Administration of Foreign Exchange

Foreign currency exchange in China is primarily governed by the Foreign Exchange Control Regulations of the PRC, or the Foreign Exchange Administration Rules, promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008, and various regulations issued by the State Administration of Foreign Exchange, or the SAFE and other relevant PRC government authorities. Under the Foreign Exchange Administration Rules, the RMB is freely convertible into other currencies for routine current account items, including distribution of dividends, payment of interest, trade and service-related foreign exchange transactions. The conversion of RMB into other currencies for most capital account items, such as direct equity investment, overseas loan, and repatriation of investment, however, is still regulated. Payments for transactions that take place within the PRC must be made in RMB. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from the SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the relevant rules and regulations of the PRC.

Pursuant to the Notice of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment, or the SAFE Notice No. 59, as promulgated by SAFE on November 19, 2012 and further amended on May 4, 2015 and October 10, 2018, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment, for domestic transfer of the foreign exchange under direct investment. SAFE Notice No. 59 also simplified the capital verification and confirmation formalities for foreign invested entities and the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire the equities of a Chinese party, and further improve the administration on exchange settlement of foreign exchange capital of foreign invested entities.

On February 13, 2015, SAFE promulgated the Notice on Simplifying and Improving the Foreign Currency Management Policy on Direct Investment, effective June 1, 2015, which canceled the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment. In addition, it simplified the procedure of registration of foreign exchange and investors shall register with banks for direct domestic investment and direct overseas investment.

The Notice of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise, or the SAFE Notice No. 19, was promulgated on March 30, 2015 and became effective on June 1, 2015. According to the SAFE Notice No. 19, a foreign-invested enterprise may, in response to its actual business needs, settles with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). For the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise shall first go through domestic re-investment registration and open a corresponding account for foreign exchange settlement pending payment with the foreign exchange bureau (bank) at the place of registration.

The Notice of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or the SAFE Notice No. 16, was promulgated and became effective on June 9, 2016. According to the SAFE Notice No. 16, enterprises registered in PRC may also convert their foreign debts from foreign currency into RMB on self-discretionary basis. The SAFE Notice No. 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis, which applies to all enterprises registered in the PRC. The SAFE Notice No. 16 reiterates the principle that RMB converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope and may not be used for investment in securities or other investment with the exception of bank financial products that can guarantee the principal within PRC unless otherwise specifically provided. Besides, the converted RMB shall not be used to make loans for related enterprises unless it is within the business scope or to build or to purchase any real estate that is not for the enterprise own use with the exception for the real estate enterprises.

On January 26, 2017, SAFE promulgated the Notice on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or the SAFE Notice No. 3, which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall cover losses in the previous years prior to remittance of profits. Moreover, pursuant to the SAFE Notice No. 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Regulations on Offshore Financing

On July 4, 2014, the SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange for Overseas Investment and Financing and Reverse Investment by Domestic Residents via Special Purpose Vehicles, or Circular 37, which became effective on the same date, and Circular 37 shall prevail over any other inconsistency between itself and relevant regulations promulgated earlier. Pursuant to Circular 37, any PRC residents, including both PRC institutions and individual residents, are required to register with the local SAFE branch before making contribution to a company set up or controlled by the PRC residents outside of the PRC for the purpose of overseas investment or financing with their legally owned domestic or offshore assets or interests, referred to in this circular as a “special purpose vehicle”. Under Circular 37, the term “PRC institutions” refers to entities with legal person status or other economic organizations established within the territory of the PRC. The term “PRC individual residents” includes all PRC citizens (also including PRC citizens abroad) and foreigners who habitually reside in the PRC for economic benefit. A registered special purpose vehicle is required to amend its SAFE registration or file with respect to such vehicle in connection with any change of basic information including PRC individual resident shareholder, name, term of operation, or PRC individual resident’s increase or decrease of capital, transfer or exchange of shares, merger, division or other material changes. In addition, if a non-listed special purpose vehicle grants any equity incentives to directors, supervisors or employees of domestic companies under its direct or indirect control, the relevant PRC individual residents could register with the local SAFE branch before exercising such options. The SAFE simultaneously issued a series of guidance to its local branches with respect to the implementation of Circular 37. Under Circular 37, failure to comply with the foreign exchange registration procedures may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including restrictions on the payment of dividends and other distributions to its offshore parent company and the capital inflow from the offshore entity, and may also subject the relevant PRC residents and onshore company to penalties under the PRC foreign exchange administration regulations.

On February 15, 2012, SAFE issued the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies, or the Circular 7, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plans or Stock Option Plans of Overseas Publicly-Listed Companies issued by SAFE on March 28, 2007. Under the Circular 7, a PRC entity's directors, supervisors, senior management officers, other staff or individuals who have an employment or labor relationship with a Chinese entity and are granted stock options by an overseas publicly listed company are required, through a qualified PRC domestic agent which could be a PRC subsidiary of such overseas publicly listed company, to register with SAFE and complete certain other procedures. Such PRC resident participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, purchase and sale of corresponding stocks or interests, and fund transfer. The PRC agent shall, among other things, file on behalf of such PRC resident participants an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the exercise or sale of stock options or stock such participants hold. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material aspects. Such participating PRC residents' foreign exchange income received from the sale of stock and dividends distributed by the overseas publicly-listed company must be fully remitted into a PRC collective foreign currency account opened and managed by the PRC agent before distribution to such participants. We and our PRC resident employees who have been granted stock options or other share-based incentives of our company are subject to the Circular 7 as our company is an overseas listed company. If we or our PRC resident participants fail to comply with these regulations in the future, we and/or our PRC resident participants may be subject to fines and legal sanctions.

Regulations relating to Tax

Enterprise Income Tax

On March 16, 2007, the NPC promulgated the Law of the PRC on Enterprise Income Tax which was amended on February 24, 2017 and December 29, 2018, and on December 6, 2007, the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax, or collectively, the EIT Law. The EIT Law came into effect on January 1, 2008. According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC. Enterprises that are recognized as high and new technology enterprises in accordance with the Notice of the Ministry of Science, the Ministry of Finance and the State Administration of Taxation on Amending and Issuing the Administrative Measures for the Determination of High and New Tech Enterprises are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate of high and new technology enterprise. The enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies promulgated by the SAT on April 22, 2009 and amended on January 29, 2014 sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC.

Value Added Tax

The Provisional Regulations of the PRC on Value-added Tax (2017 Revision) were promulgated by the State Council on November 19, 2017. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (2011 Revision) were promulgated by the Ministry of Finance and the SAT on December 15, 2008, which were subsequently amended on October 28, 2011 and came into effect on November 1, 2011, or collectively, the VAT Law. According to the VAT Law, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC must pay value-added tax. For general VAT taxpayers selling services or intangible assets other than those specifically listed in the VAT Law, the value-added tax rate is 6%.

Dividend Withholding Tax

The EIT Law provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors who do not have an establishment or place of business in the PRC, or which have such establishment or place of business, but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

In addition, the EIT Law provides that an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises", and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which the non-PRC shareholders reside. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Tax on Income, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise has satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or Notice No. 81, issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. In August 2015, the State Administration of Taxation promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatment under Tax Treaties, or SAT Circular 60, which became effective on November 1, 2015. SAT Circular 60 provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, non-resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file the necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities.

According to the Circular on Several Questions regarding the "Beneficial Owner" in Tax Treaties, which was issued on February 3, 2018 by the SAT and took effect on April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interest or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of his or her income in 12 months to residents in a third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grants tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status as the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Announcement on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Agreements.

Regulations Relating to Dividend Distribution

The principal regulations governing distribution of dividends of foreign-invested enterprises include (i) the Company Law, promulgated by the SCNPC on December 29, 1993, and as amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018, respectively, (ii) the Foreign-invested Enterprise Law, promulgated by the SCNPC on April 12, 1986, and as amended on October 31, 2000 and September 3, 2016, respectively, and (iii) the Implementation Rules of the Foreign-invested Enterprise Law approved by the State Council on October 28, 1990, and as amended on April 12, 2001, and February 19, 2014, respectively.

Under these laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, foreign-invested enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends. A foreign-invested enterprise has the discretion to allocate a portion of its after-tax profits to staff welfare and bonus funds. A Chinese company (including the foreign-invested enterprise) is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations Relating to Merger and Acquisition and Overseas Listing

On August 8, 2006, six PRC regulatory agencies, namely the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration of Industry and Commerce, or the SAIC, the China Securities Regulatory Commission, or the CSRC, and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the New M&A Rule, which became effective on September 8, 2006. This New M&A Rule, as amended on June 22, 2009, purports, among other things, to require offshore special purpose vehicles, or SPVs, formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. On September 21, 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by SPVs seeking CSRC approval of their overseas listings.

The New M&A Rule also established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC domestic enterprise.

Regulation relating to Employment and Social Welfare

Labor Protection

The main PRC employment laws and regulations include the Labor Law of the PRC, as revised on December 29, 2018, the Labor Contract Law of the PRC, or the Labor Contract Law and the Implementing Regulations of the Employment Contract Law of the PRC.

The Labor Contract Law was promulgated on June 29, 2007, revised on December 28, 2012, and came into force on July 1, 2013. This law governs the establishment of employment relationships between employers and employees, and the execution, performance, termination of, and the amendment to, employment contracts. The Labor Contract Law is primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the laborers. Enterprises and institutions are forbidden to force laborers to work beyond the time limit and employers shall pay laborers for overtime work in accordance with national regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to laborers in a timely manner. In addition, according to the Labor Contract Law: (i) employees must adhere to regulations in the labor contracts concerning commercial confidentiality and non-competition; (ii) employees may terminate their employment contracts with their employers if their employers fail to make social insurance contributions in accordance with the law; and (iii) enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in the PRC.

The Labor Contract Law imposes more stringent requirements on labor dispatch. According to the Labor Contract Law, (i) it is strongly emphasized that dispatched contract workers shall be entitled to equal pay for equal work as an employee of an employer; (ii) dispatched contract workers may only be engaged to perform temporary, auxiliary or substitute works; and (iii) an employer shall strictly control the number of dispatched contract workers so that they do not exceed certain percentage of total number of employees and the specific percentage shall be prescribed by the Ministry of Human Resources and Social Security. Under the law, "temporary work" means a position with a term of less than six months; "auxiliary work" means a non-core business position that provides services for the core business of the employer; and "substitute work" means a position that can be temporarily replaced with a dispatched contract worker for the period that a regular employee is away from work for vacation, study or other reasons. According to the Interim Provisions on Labor Dispatch promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014, (i) the number of dispatched contract workers hired by an employer should not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers); and (ii) in the case that the number of dispatched contract workers exceeds 10% of the total number of its employees at the time when the Interim Provisions on Labor Dispatch became effective, the employer must formulate a plan to reduce the number of its dispatched contract workers to comply with the aforesaid cap requirement prior to March 1, 2016. In addition, such plan shall be filed with the local administrative authority of human resources and social security. Nevertheless, the Interim Provisions on Labor Dispatch do not invalidate the labor contracts and dispatch agreements entered into prior to December 28, 2012 and such labor contracts and dispatch agreements may continue to be performed until their respective dates of expiration. The employer may also not hire any new dispatched contract worker before the number of its dispatched contract workers is reduced to below 10% of the total number of its employees. In case of violation, the labor administrative department shall order rectification within a specified period of time; if the situation is not rectified within the specified period, a fine from RMB5,000 to RMB10,000 for each person shall be imposed, and the staffing company's business license shall be revoked. If a placed worker suffers any harm or loss caused by the receiving entity, the staffing company and the receiving entity shall be jointly and severally liable for damages.

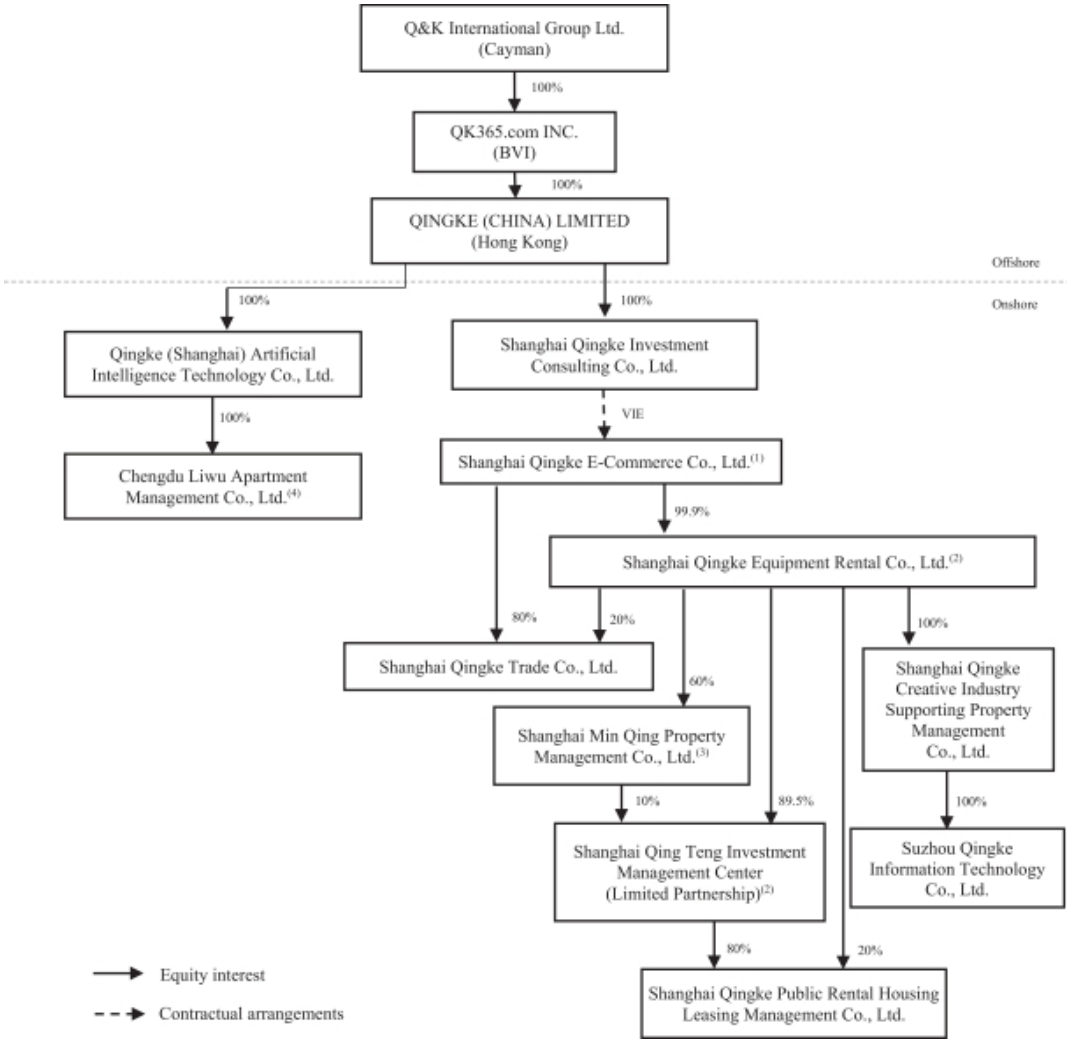
Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labor Injury implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council promulgated on December 14, 1998, the Unemployment Insurance Measures promulgated on January 22, 1999 and the Social Insurance Law of the PRC implemented on July 1, 2011 and revised on December 29, 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

In accordance with the Regulations on the Management of Housing Funds which was promulgated by the State Council in 1999 and amended in 2002, enterprises must register at the competent managing center for housing funds and upon the examination by such managing centers of housing funds, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner, and any employer that fails to open such bank account or contribute any housing funds may be fined and ordered to make up within a prescribed time limit.

C. Organizational Structure

The following diagram illustrates our corporate structure as of the date of this annual report, including our principal subsidiaries and our principal variable interest entities and their principal subsidiaries.



(1) Guangjie Jin, Xiamen Siyuan Investment Co., Ltd. and Bing Xiao are beneficial owners of the shares of Q&K E-Commerce, who hold 74.5%, 15.0% and 10.5% equity interests in Q&K E-Commerce, respectively.
(2) The remaining minority interests are ultimately owned by Mr. Guangjie Jin.
(3) The remaining minority interests are owned by third parties.
(4) 0.1% of the shares of Chengdu Liwu Apartment Management Co., Ltd. are held by Chengcai Qu on behalf of Qingke (Shanghai) Artificial Intelligence Technology Co., Ltd.

We conduct substantially all our operations in Shanghai, Suzhou, Hangzhou, Nanjing, Wuhan, Beijing and Jiaxing through 11 subsidiaries and other consolidated entities incorporated in the respective cities and provinces. Among others:

- Shanghai Qingke Public Rental Housing Leasing Management Co., Ltd. and its subsidiary primarily focus on the apartment renovation and the procurement of furniture, appliances and other equipment in relation to our apartment rental service.
- Shanghai Qingke Trade Co., Ltd. primarily focuses on the operation of Qingke Select.
- Shanghai Qingke Creative Industry Supporting Property Management Co., Ltd and its subsidiary primarily focus on sourcing apartment units in Shanghai.

Contractual Arrangements with the VIE and its Shareholders

Agreements that Provide Us with Effective Control over the VIE

Equity Pledge Agreement

Q&K Investment Consulting, Q&K E-Commerce, and the shareholders of Q&K E-Commerce entered into an equity pledge agreement on April 21, 2015. We have completed the registration of the equity pledge with the relevant office of the Administration for Industry and Commerce in accordance with PRC Property Rights Law on April 30, 2015. Pursuant to the equity pledge agreement and upon the completion of the equity pledge registration, each shareholder of Q&K E-Commerce has pledged all of its equity interest in Q&K E-Commerce to Q&K Investment Consulting to guarantee the performance by such shareholder and Q&K E-Commerce of their respective obligations under the exclusive technology service agreement, shareholder voting proxy agreements, powers of attorney and exclusive option agreement as well as their respective liabilities arising from any breach. If Q&K E-Commerce or any of its shareholders breaches any obligations under these agreements, Q&K Investment Consulting, as pledgee, will be entitled to dispose of the pledged equity and have priority to be compensated by the proceeds from the disposal of the pledged equity. Each of the shareholders of Q&K E-Commerce agrees that before its obligations under the contractual arrangements are discharged, he or she will not dispose of the pledged equity interests, create or allow any encumbrance on the pledged equity interests, or take any action which may result in any change of the pledged equity that may have material adverse effects on the pledgee's rights under this agreement without the prior written consent of Q&K Investment Consulting. The equity pledge agreement will remain effective until Q&K E-Commerce and its shareholders discharge all their obligations under the contractual arrangements.

Shareholder Voting Proxy Agreement

Q&K Investment Consulting, Q&K E-Commerce and the shareholders of Q&K E-Commerce entered into a shareholder voting proxy agreement on April 21, 2015. Pursuant to the voting proxy agreement, each shareholder of Q&K E-Commerce irrevocably authorizes any person(s) designated by Q&K Investment Consulting to act as his or her attorney-in-fact to exercise all of such shareholder's voting and other rights associated with the shareholder's equity interest in Q&K E-Commerce, such as the right to appoint or remove directors, supervisors and officers, as well as the right to sell, transfer, pledge and dispose of all or a portion of the shares held by such shareholder. The shareholder voting proxy agreement will remain in force unless Q&K Investment Consulting gives out any instruction in writing or otherwise.

Spousal Consent Letter

The spouse of Bing Xiao signed a spousal consent letter on April 14, 2015. Bing Xiao holds 10.47% equity interest in Q&K E-Commerce. Under the spousal consent letter, the signing spouse unconditionally and irrevocably agreed, that she was aware of the disposal of Q&K E-Commerce shares held by Bing Xiao in the abovementioned exclusive option agreement, equity pledge agreement, shareholder voting proxy agreement and power of attorney. The signing spouse confirmed not having any interest in the Q&K E-Commerce shares and committed not to impose any adverse assertions upon those shares. The signing spouse further confirmed that her consent and approval are not needed for any amendment or termination of the abovementioned agreements and committed that she shall take all necessary measures needed for the performance of those agreements.

Agreement that Allows Us to Receive Economic Benefits from the VIE

Exclusive Technology Service Agreement

Q&K Investment Consulting and Q&K E-Commerce entered into an exclusive technology service agreement on April 21, 2015. Pursuant to this agreement, Q&K Investment Consulting or its designated party has the exclusive right to provide Q&K E-Commerce with consulting, software and technology services. Without Q&K Investment Consulting's prior written consent, Q&K E-Commerce shall not accept any technical support and services covered by this agreement from any third party. Q&K E-Commerce agrees to pay service fees equivalent to no less than 100% of its annual net profit. Q&K E-Commerce also agrees to pay service fees for any specific technology service and consultation service rendered by Q&K Investment Consulting at Q&K E-Commerce's request from time to time. Q&K Investment Consulting owns the intellectual property rights arising out of the provisions of services under this agreement. Unless terminated mutually, this agreement will remain effective for twenty years. This agreement will be automatically renewed for another ten years, unless there is any written objection rendered 30 days prior to its expiry.

Agreement that Provides Us with the Option to Purchase the Equity Interest and Assets in the VIE

Exclusive Option Agreement

Q&K Investment Consulting, Q&K E-Commerce and the shareholders of Q&K E-Commerce entered into an exclusive option agreement in 2015. Pursuant to the exclusive option agreement, Q&K E-Commerce and its shareholders have irrevocably granted Q&K Investment Consulting or any third party designated by Q&K Investment Consulting an exclusive option to purchase all or part of their respective equity interests in Q&K E-Commerce. The purchase price shall be the lower of (i) the amount that the shareholders contributed to Q&K E-Commerce as registered capital for the equity interests to be purchased, or (ii) the lowest price permitted by applicable PRC law. The shareholders of Q&K E-Commerce irrevocably agree that if such price is lower than what is allowed by PRC law, the purchase price should be equal to the lowest price allowed by PRC law. Q&K E-Commerce or its shareholders will repay Q&K Investment Consulting or any third party designated by Q&K Investment Consulting the purchase price within ten business days after Q&K E-Commerce or its shareholders receives such purchase price. In addition, Q&K E-Commerce granted Q&K Investment Consulting an exclusive option to purchase, or have its designated entity or person, to purchase, at its discretion, to the extent permitted under PRC law, all or part of Q&K E-Commerce's assets at the net book value of the transferred assets, or the lowest price permitted by applicable PRC law if the latter is higher than the relevant net book value.

Q&K Investment Consulting may transfer any of its right or obligations under this agreement to a third party after notifying Q&K E-Commerce and its shareholders. Without Q&K Investment Consulting's prior written consent, the shareholders of Q&K E-Commerce shall not, among other things, amend its articles of association, increase or decrease the registered capital, sell, dispose of or set any encumbrance on its assets, business or revenue outside the ordinary course of business, enter into any material contract, merge with any other persons or make any investments, distribute dividends, or enter into any transactions which have material adverse effects on its business. The shareholders of Q&K E-Commerce also undertake that they will not transfer, pledge, or otherwise dispose of their equity interests in Q&K E-Commerce to any third party or create or allow any encumbrance on their equity interests. This agreement will remain effective until Q&K Investment Consulting or any third party designated by Q&K Investment Consulting has acquired all equity interest of Q&K E-Commerce from its shareholders.

In the opinion of JunHe LLP, our PRC legal counsel:

- the ownership structures of Q&K Investment Consulting and Q&K E-Commerce, both currently and immediately are not in any violation of applicable PRC laws or regulations currently in effect; and
- the contractual arrangements among Q&K Investment Consulting, Q&K E-Commerce, the shareholders of Q&K E-Commerce governed by PRC law are valid, binding and enforceable, and are not in any violation of PRC laws or regulations currently in effect.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to or otherwise different from the above opinion of our PRC legal counsel. It is uncertain whether any new PRC laws or regulations relating to VIE structures will be adopted or if adopted, what they would provide. If the PRC government finds that the agreements that establish the structure for the operation of Q&K E-Commerce do not comply with PRC government restrictions on foreign investment in our businesses, we could be subject to severe penalties including being prohibited from continuing operations. See "Item 3. Key Information — D. Risk Factors—Risks Related to Our Corporate Structure — If the PRC government deems that the contractual arrangements in relation to our variable interest entity do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations" and "Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to us" for more details.

D. Property, Plants and Equipment

Our principal executive office is located in Shanghai, China, where we own the office space with an aggregate floor area of approximately 585.7 square meters as of the date of this annual report.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations is based upon, and should be read in conjunction with, our audited consolidated financial statements and the related notes included in this annual report on Form 20-F. This report contains forward-looking statements. See "Forward-Looking Statements" in this annual report. In evaluating our business, you should carefully consider the information provided under the caption "Item 3. Key Information — D. Risk Factors" in this annual report on Form 20-F. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

Overview

We are a leading technology-driven long-term apartment rental platform in China, offering young, emerging urban residents conveniently-located, ready-to-move-in, and affordable branded apartments as well as facilitating a variety of value-added services. We are one of the pioneers in providing branded rental apartments in China. Under our dispersed lease-and-operate model, we lease apartments from landlords and transform these apartments, mostly from bare-bones condition, into standardized furnished rooms to lease to people seeking affordable residence in cities, following an efficient, technology-driven business process.

We cooperate with third parties, including professional home service providers, e-commerce companies and other service providers to facilitate a wide array of value-added services for our tenants. Revenue from value-added services and others as a percentage of our net revenues increased from 10.4% in FY 2018 to 11.7% in FY 2019 and decreased to 8.5% in FY 2020.

We also cooperate with financial institutions to facilitate rental installment loans for our tenants in need. As of September 30, 2020, we cooperated with 7 financial institutions to finance rental installment loans, and the rental payment of 11.9% of our occupied rental units had been financed by these rental installment loans. Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants.

We achieved growth as a result of our efficient and scalable business model in FY 2019. Our net revenues increased by 38.6% from RMB889.9 million in FY 2018 to RMB1,233.8 million in FY 2019, and our net loss decreased from RMB499.9 million in FY 2018 to RMB498.3 million in FY 2019. In FY 2020, our business was adversely affected by the COVID-19 pandemic, with our net revenues decreasing by 2.1% to RMB1,208.0 million (US$177.9 million) and net loss increasing by 207.8% to RMB1,533.6 million (US$225.9 million). Our period-average occupancy rates were 91.6% and 83.8% in FY 2019 and FY 2020, respectively.

Key Factors Affecting Our Results of Operations

General Factors Affecting Our Results of Operations

Our results of operations are subject to general economic conditions and conditions affecting China's real estate industry, in particular the apartment rental industry, which include, among others:

Changes in the National, Regional or Local Economic Conditions and Outlook in China

We target young people including recent college graduates, entry level white collar workers and industry workers in cities with strong economic growth, net inflow of people, rapid urban development and favorable policies supporting the development of the apartment rental market. Our occupancy levels and rental rates mainly depend on the demands from our target population in our target markets. Changes in national, regional or local economic conditions in China, including urbanization rates and employment rates in our target markets may materially affect demand for our apartments and services, and as a result, our business, financial condition and results of operations.

Our costs and expenses may also be affected by China's inflation level. We may not be able to pass on increased costs to our tenants.

Government Policies and Regulations in China

Our business and results of operations can be significantly affected by PRC laws, regulations and policies, particularly those relating to the real estate industry. We have benefited in recent periods from certain favorable policies for the apartment rental industry, including:

- stringent home-buying requirements in top tier cities in China, which have made it more difficult to purchase apartments, particularly for our target customers; and
- favorable policies to incentivize and support the growth of the apartment rental sector.

The PRC laws, regulations and policies concerning the apartment rental industry are developing and evolving. New laws, regulations and policies may increase our compliance cost, and require adjustments to our business model. For additional information, please refer to "Item 4. Information on the Company — B. Business Overview — Regulations — Regulations Relating to Residential Tenancy" and "Item 4. Information on the Company — B. Business Overview — Regulations — Regulations Relating to Leasing."

The Competitive Landscape of China's Long-Term Apartment Rental Market

China's long-term apartment rental market is highly competitive. Our competitors include other branded apartment operators and apartment owners who rent their apartments to tenants directly or through real estate agencies. In addition, in response to increased cooling measures on housing sales, real estate developers may also pivot into standardized rental market.

Specific Factors Affecting Our Results of Operations

Our results of operations are also affected by company-specific factors, including, among others:

- Our ability to expand our apartment network;
- Our ability to maintain and increase occupancy level and rental rate;
- Our ability to control operating costs and expenses and improve operational efficiency;
- Our ability to manage upfront capital outlay and expansion cost; and
- Seasonality.

Our Ability to Expand Our Apartment Network

Our growth is impacted by our ability to expand our apartment network. We strategically select apartments in relatively inexpensive yet convenient locations, typically near subway stations in metropolitan areas. These locations provide tenants with convenient access to an entire city, including major business districts and commercial centers, and hence have strong demand potential and ample room for rental increase. Our ability to identify and source apartments that meet our strategic and financial return criteria is, in turn, impacted by, among others, the availability of, and competition for, our target apartments, as well as the efficiency of our sourcing staff.

As we expand the geographic coverage of our apartment network, we believe we will benefit from enhanced brand recognition and economies of scale. For example, as we expand and our reputation grows, an increasing number of landlords no longer require us to pay security deposits. We are also able to bulk purchase directly from manufacturers at competitive prices as we scale up.

Our Ability to Maintain and Increase Occupancy Level and Rental Rate

Our rental service revenues are affected by our occupancy level and rental rates. Our occupancy level mainly depends on the locations of our rental units, affordability of our rentals, including rental discounts and other promotions we offer, and the effectiveness of our sales and marketing efforts. In addition, as we expand into new geographic regions, it takes time to ramp up the occupancy rate to our target levels. Leveraging our standardized and replicable sourcing and pricing systems, we were able to reduce the ramp-up time as we expand to other cities. For example, it took us eight months to ramp up the month-end occupancy rate in Hangzhou to above 90%, while it took us only four months to ramp up the month-end occupancy rate to above 90% when we expanded to Wuhan subsequently.

Our rental rate is primarily affected by the supply and demand dynamics in the rental markets where we operate. We apply Smart Pricing System to price our apartments through an automated, dynamic process, which takes into account data points including rent-in cost, decoration cost, historical transaction data (e.g., price and occupancy rate), demand seasonality, our target occupancy rates, and market prices for nearby apartments in similar conditions.

Our Ability to Control Operating Costs and Expenses and Improve Operational Efficiency

Rental cost represents our largest operating costs and expenses. We typically lock in our rental cost for the first three years, with approximately 5% annual, non-compounding increase for the rest of the lease term.

We also incur substantial operating expenses, including those for apartment sourcing, marketing, leasing, after-lease maintenance and research and development. In addition, as we expand into new regions, we incur substantial upfront operating expenses for market research, establishing logistics and supply chain and other supporting functions, and building our brand name. We have been improving, and intend to continue to improve, our operational efficiency through our end-to-end, technology-driven operational and management systems. For example, when we expand into a new city, our Smart Pricing System is replicable with some adjustments in parameters, enabling faster expansion at a lower cost. In addition, in July 2020, we engaged a third-party contractor to manage rental units after acquiring lease contracts with landlords and tenants and related fixtures and equipment for these rental units from another rental service company. This enables us to operate our business in new locations, where we lack experience and resources, at a lower cost by leveraging the experience and resources of the contractor. In terms of apartment renovation, our project management system enables modularization, standardization and digitization of the renovation process, which allows us to efficiently manage a fast-growing number of suppliers and contractors and streamline our decoration and renovation process. We conduct the majority of our marketing and leasing processes and handle after-rent services and property maintenance requests online, which helps to improve efficiency. The average number of rental units managed by each of our apartment managers increased from 79.6 in FY 2018 to 113.5 in FY 2019, and decreased to 82.5 in FY 2020 as our business was adversely affected by the COVID-19 pandemic.

Our Ability to Manage Upfront Capital Outlay and Expansion Cost

We utilize a lease-and-operate model. Under this model, we incur substantial capital outlay, including for apartment sourcing, renovation, and prepayment of a few months' rentals to landlords. We finance our capital outlay primarily from tenants' rental prepayments. Tenants who rent rental units other than those we acquired from the rental service company in July 2020 and prepay at least six months' rental can enjoy a 5% rental discount, and tenants who prepay at least 12 months' rental can enjoy a 10% rental discount (subject certain limits) for the lock-in period. Our rental service revenues are net of these discounts. In addition, we pay interest on rental installment loans for our tenants. Our results of operations, therefore, are significantly affected by our ability to finance the capital outlay for our expansion economically, reducing our reliance on tenant's rental prepayment. In August 2018, we started to cooperate with a rental service company owned by a bank for apartment sourcing and renovation. Under this model for certain newly sourced apartments, we continue to be responsible for the entire operating process, including identifying potential apartments for rent, rental pricing and procuring and paying for apartment renovation. Once we have finished the renovation, the rental service company reimburses us for our costs incurred for the renovation. We make payments to the rental service company in installments equal to the reimbursed renovation costs plus interest and tax over a period of five years. At the end of the five-year period, the ownership of the renovation will be transferred to us. Under this arrangement, we also sell leasehold improvements and furniture, fixtures and equipment of certain existing apartments to the rental service company at carrying value and simultaneously lease them back. Due to the rising vacancy rate of our rental units caused by the COVID-19 pandemic, we decreased the number of apartment contracted by terminating some of the leases with landlords under this model. In April 2020, we started to modify this cooperation for apartments in certain cities. For some apartments under this model, we no longer lease in apartments from the rental service company or enter into new lease-out agreements with tenants. Instead, we transferred existing leases with tenants to the rental service company. The rental service company maintains the lease-in agreements with the landlords of the apartments, collects rental from the tenants directly and enters into lease-out agreements with new tenants directly. We are engaged by the rental service company to manage these apartments. Pursuant to this arrangement, we are responsible for hiring and supervising the third-party contractor including in its identification of potential tenants and daily operation, and receives fee income equals to the rental income from tenants minus the rental fee to landlords. For each of these apartments, if the rental collected from the tenants is less than the rental paid to the landlords, we are required to pay the rental service company this difference via separate payments. The model has provided us with a stable source of lower-cost capital to finance apartment sourcing and renovation, compared to the tenant rental prepayment model.

Since February 2019, we have started to source decorated and furnished apartments from landlords thus compared to sourcing bare-bones apartments, substantially reducing our upfront capital outlay for apartment renovation, while still adding an additional bedroom.

Seasonality

Our operating results have been, and may continue to be subject to, seasonality. Our occupancy and revenues were generally higher during the three months ended September 30 of each year, as many students search for apartments in cities where they are employed after graduation. In addition, during and around the Chinese New Year holidays, which usually fall in January or February, people are less likely to move into new apartments or stay in rented apartments. As a result, our occupancy and revenues were generally lower for the three months ended March 31 of each year, despite the rebound in March from higher demand as labor forces come back to cities in search of jobs after the Chinese New Year. As the State Council implemented an extension to the 2020 Chinese New Year Holiday and many of our tenants were unable to return to the cities they work in during the holiday, our seasonality pattern was exacerbated in FY 2020.

Key Operating Metrics

We regularly review a number of operating metrics to evaluate our business, measure our performance, identify trends affecting our business, establish budgets, measure the effectiveness of sales and marketing, and assess our operational efficiencies.

The table below sets forth our key operating data as of September 30, 2018, 2019 and 2020:

	As of September 30,		
	2018	2019	2020
Number of rental units contracted	96,529	99,656	82,185
Number of rental units under renovation	12,581	2,359	921
Number of available rental units	83,948	97,297	81,264
Number of occupied rental units	77,266	92,513	68,755
Number of vacant available rental units	6,682	4,784	12,509
Number of rental units managed but not contracted by us[(1)]	—	—	25,133

(1) refers to the number of rental units that (i) we provide our rental management service for and (ii) are leased in from landlords by third-parties

The table below sets forth the numbers of available rental units as of September 30, 2018, 2019 and 2020:

	As of September 30,		
	2018	2019	2020
East China[1]	81,796	92,514	23,772
North China[2]	312	412	27,853
Southwest China[3]	—	—	21,514
Others[4]	1,840	4,371	8,125

(1) includes Fuzhou, Hangzhou, Hefei, Nanjing, Ningbo, Shanghai, Suzhou, Jinan and Qingdao
(2) includes Beijing, Shijiazhuang, Tianjin and Xi'an
(3) includes Chengdu, Kunming and Chongqing
(4) includes Nanchang, Nanning, Wuhan and Changsha

The table below sets forth our key operating data for FY 2018, FY 2019 and FY 2020:

	FY 2018	FY 2019	FY 2020
Period-average occupancy rate (%)	91.6	91.6	83.8
Average monthly rental (RMB)			
before discount for rental prepayment	1,272	1,146	1,185
after discount for rental prepayment	1,180	1,074	1,169
Rental spread margin (%)			
before discount for rental prepayment	30.7	24.8	20.9
after discount for rental prepayment	25.3	19.8	19.8

Numbers of Rental Units Contracted, Numbers of Available Rental Units, and Number of Occupied Rental Units

Number of rental units contracted and number of available rental units are important operating measures by which we evaluate and manage the scale of our business and growth. Apartments in China usually have two to three bedrooms, which are suitable for a household, but could be too costly for individual tenants. We typically convert a leased-in apartment to add an additional bedroom, or the N+1 Model, and rent each bedroom, or rental unit, separately to individual tenants after standardized decoration and furnishing. The N+1 model further increases affordability and provides flexibilities and co-rental efficiency for tenants.

Our rental units contracted refer to rental units in apartments that we have leased in from landlords. Our number of rental units contracted increased by 3.2% from September 30, 2018 to September 30, 2019, as we adopted a prudent, cost-aware expansion strategy based on the market demand in our existing cities. Our number of rental units contracted decreased by 17.5% from September 30, 2019 to September 30, 2020, as we terminated a number of leases with landlords due to the COVID-19 pandemic, partially offset by our acquisition of lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China in July 2020. Our number of available rental units refers to the number of our leased-in rental units that have been renovated and ventilated and are ready for rent.

Our occupied rental units refer to available rental units that have been leased out to tenants. Our number of occupied rental units increased by 19.7% from September 30, 2018 to September 30, 2019, generally in line with the increase in the number of our available rental units. Our number of occupied rental units decreased by 25.7% from September 30, 2019 to September 30, 2020, due to the extension of Chinese New Year holiday, delay of return to work after the Chinese New Year holiday and imposition of travel restrictions and self-isolation policies by local and national government of China in 2020. Our number of occupied rental units was lower than our number of rental units contracted because of (i) the impact of the COVID-19 pandemic and (ii) some of our available rental units' vacancy, as it takes time to ramp up our occupancy rate to our target levels as we expanded to new geographic regions.

Period-average Occupancy Rate, Average Monthly Rental, and Rental Spread Margin

Our period-average occupancy rate is calculated by dividing the aggregate number of our leased-out rental unit nights by the aggregate number of available rental unit nights during a relevant period. Our period-average occupancy rate remained stable at 91.6% in FY 2018 and FY 2019. Our period-average occupancy rate decreased to 83.8% in FY 2020 because of the COVID-19 pandemic.

Our average monthly rental after discount for rental prepayment refers to the total rental we receive from our tenants for a period, net of value-added tax, divided by the number of leased-out rental unit nights for the relevant period times 30.5 (which represents the average number of days in a month). Our average monthly rental before discount for rental prepayment refers to the total rental we receive from our tenants for a period, net of value-added tax, after adding back any discount for rental prepayment, divided by the number of leased-out rental unit nights for the relevant period times 30.5 (which represents the average number of days in a month). Our rental spread margin after discount for rental prepayment refers to the rental spread after discount for rental prepayment as a percentage of the average monthly rental after discount for rental prepayment on a lease to a tenant on the same space. Our rental spread margin before discount for rental prepayment refers to the rental spread before discount for rental prepayment as a percentage of the average monthly rental before discount for rental prepayment on a lease to a tenant on the same space. Our leases with landlords generally contain rent holidays and typically lock in our rental cost for the first three years, with approximately 5% annual, non-compounding increase for the rest of the lease term, and we record the total rental expense on a straight-line basis over the initial lease term, or monthly straight-lined rental. We use big data to establish a fair and efficient rental pricing mechanism.

Our average monthly rental before discount for rental prepayment decreased from RMB1,272 in FY 2018 to RMB1,146 in FY 2019, and our average monthly rental after discount for rental prepayment decreased from RMB1,180 in FY 2018 to RMB1,074 in FY 2019, as (i) we expanded to more remote areas in cities where the average monthly rentals were lower, and (ii) we proactively lowered our rental slightly to keep a relatively high occupancy rate in 2019. Our average monthly rental before discount for rental prepayment increased from RMB1,146 in FY 2019 to RMB1,185 (US$175) in FY 2020, and our average monthly rental after discount for rental prepayment increased from RMB1,074 in FY 2019 to RMB1,169 (US$172) in FY 2020, as (i) we terminated leases with landlords of rental units with low profit margins and retained those with higher margins, and (ii) the average monthly rental of our newly-acquired rental units are generally higher than that of the rental units we previously contracted.

Our rental spread margin before discount for rental prepayment decreased from 30.7% in FY 2018 to 24.8% in FY 2019, and our rental spread margin after discount for rental prepayment decreased from 25.3% in FY 2018 to 19.8% in FY 2019, as a large number of rental units were in ramp-up period and we proactively lowered our rental slightly to keep a comparatively high occupancy rate in 2019. Our rental spread margin before discount for rental prepayment decreased from 24.8% in FY 2019 to 20.9% in FY 2020, and our rental spread margin after discount for rental prepayment remained 19.8% in FY 2020.

Number of rental units managed but not contracted by us

The rental units managed but not contracted by us refers to the rental units that (i) we provide our rental management service for and (ii) are leased in from landlords by third-parties. We cooperate with a rental service company owned by a state-owned bank in apartment sourcing and renovation from August 2018. In April 2020, we started to modify this cooperation for apartments in certain cities. For some apartments under this model, we no longer lease in apartments from the rental service company or enter into new lease-out agreements with tenants. Instead, we transferred existing leases with tenants to the rental service company. The rental service company maintains the lease-in agreements with the landlords of the apartments, collects rental from the tenants directly and enters into lease-out agreements with new tenants directly. We are engaged by the rental service company to manage these apartments. Pursuant to this arrangement, we are responsible for hiring and supervising the third-party contractor including in its identification of potential tenants and daily operation, and receives fee income equals to the rental income from tenants minus the rental fee to landlords. For each of these apartments, if the rental collected from the tenants is less than the rental paid to the landlords, we are required to pay the rental service company this difference.

Components of Results of Operations

Net Revenues

Our net revenues primarily consist of rental service revenues, and revenue from various types of fees we charge our tenants for some of our value-added services. Our revenues are net of value-added tax. The following table sets forth a breakdown of our net revenues.

	FY 2018		FY 2019		FY 2020		
	RMB	% of total net revenues	RMB	% of total net revenues	RMB	US$	% of total net revenues
	(in thousands, except for percentages)						
Net revenues:							
Rental service	796,940	89.6	1,089,164	88.3	1,105,172	162,774	91.5
Value-added services and others	92,997	10.4	144,606	11.7	102,791	15,139	8.5
Total net revenues	**889,937**	**100.0**	**1,233,770**	**100.0**	**1,207,963**	**177,913**	**100.0**

Our rental service revenues consist of rents collected under our lease agreements with tenants and in the arrangement with the rental service company. Our leases with tenants typically have a contracted lease term of 12 to 26 months, and a majority of them have a lock-in period of 12 months. Tenants who rent rental units other than those we acquired from the rental service company in July 2020 and prepay at least six months' rental can enjoy a 5% rental discount, and tenants who prepay at least 12 months' rental can enjoy a 10% rental discount (subject to a RMB200.0 (US$29.5) limit per month for the lock-in period after January 1, 2017). Our rental service revenues are net of these discounts.

To a lesser extent, we derive net revenues from various types of fees we charge our tenants for certain value-added and other services, such as broadband internet and utilities. We also receive indemnification payments from landlords and tenants for their termination of lease agreements within the lock-in period. The following table sets forth a breakdown of our net revenues from value-added services and others for the periods indicated.

	FY 2018		FY 2019		FY 2020		
	RMB	% of revenue from value- added services and others	RMB	% of revenue from value- added services and others	RMB	US$	% of revenue from value- added services and others
	(in thousands, except for percentages)						
Broadband internet	51,145	55.0	77,104	53.3	34,100	5,022	33.2
Utility service	19,411	20.9	28,515	19.7	13,257	1,953	12.9
Indemnity	18,329	19.7	34,860	24.1	32,782	4,828	31.9
Others	4,112	4.4	4,127	2.9	22,652	3,336	22.0
Total	**92,997**	**100.0**	**144,606**	**100.0**	**102,791**	**15,139**	**100.0**

Operating Costs and Expenses

Our operating costs and expenses primarily consist of costs and expenses related to operating our network of apartments and rental units. The following table sets forth the components of our operating costs and expenses, both in absolute amount and as a percentage of total revenues for the period indicated.

	FY 2018		FY 2019		FY 2020		
	RMB	% of total net revenues	RMB	% of total net revenues	RMB	US$	% of total net revenues
	(in thousands, except for percentages)						
Operating costs and expenses:							
Operating cost	897,959	100.9	1,304,992	105.8	1,203,415	177,245	99.6
Selling and marketing expenses	117,826	13.2	135,413	11.0	63,512	9,354	5.3
General and administrative expenses	84,953	9.5	108,196	8.8	102,769	15,136	8.5
Research and development expenses	51,947	5.8	47,029	3.8	24,934	3,672	2.1
Pre-operation expenses	117,107	13.2	42,661	3.5	14,245	2,098	1.2
Impairment loss on long-lived assets	50,614	5.7	46,213	3.8	846,766	124,715	70.1
Loss from disposal of property and equipment	—	—	—	—	468,980	69,073	38.8
Other income, net	(4,034)	(0.5)	(2,427)	(0.2)	(15,881)	(2,339)	(1.3)
Total operating costs and expenses	**1,316,372**	**147.9**	**1,682,077**	**136.3**	**2,708,740**	**398,954**	**224.2**

Operating Cost

Our operating cost includes rental cost, depreciation, personnel costs incurred by apartment managers in providing after-rent services, cleaning cost, utilities cost, broadband internet cost and others. Rental cost represents our rental expenses incurred after our leased-in rental units are renovated and decorated and available for rent to tenants. Depreciation is primarily associated with our capitalized renovation incurred when we convert and furnish our leased-in apartments for rent to tenants. We recognize depreciation with our leasehold improvements and other capital expenditures using a straight-line method over the shorter of expected useful lives or lease term. Personnel costs incurred by apartment managers in providing after-rent services are primarily associated with management and inspection of rental units and regular communication with tenants. Personnel costs incurred by apartment managers in providing before-rent services, such as accompanying potential tenants to visit our apartments and negotiating lease agreements with tenants, are recorded in selling and marketing expenses. Personnel costs are allocated according to the time apartment managers spend. The following table sets forth our operating cost in absolute amount and as a percentage of net revenue for the periods indicated.

	FY 2018		FY 2019		FY 2020		
	RMB	% of total net revenues	RMB	% of total net revenues	RMB	US$	% of total net revenues
	(in thousands, except for percentages)						
Rental cost	664,732	74.7	975,342	79.1	813,773	119,856	67.4
Depreciation expenses	145,768	16.4	207,814	16.8	256,056	37,713	21.2
Personnel cost	21,092	2.4	23,698	1.9	77,392	11,399	6.4
Cleaning cost	14,861	1.7	28,419	2.3	7,657	1,128	0.6
Utility cost	14,116	1.6	20,823	1.7	14,446	2,128	1.2
Broadband internet cost	28,236	3.2	37,096	3.0	31,920	4,701	2.6
Others	9,154	0.9	11,800	1.0	2,171	320	0.2
Total	**897,959**	**100.9**	**1,304,992**	**105.8**	**1,203,415**	**177,245**	**99.6**

Selling and Marketing Expenses

Selling and marketing expenses primarily include online and offline marketing expenses, promotion expenses, staff costs of sales personnel and other related incidental expenses that are incurred indirectly to attract or retain tenants for us.

General and Administrative Expenses

Our general and administrative expenses consist primarily of personnel costs, transportation costs, consulting expenses, headquarter office rental expenses, general office expenses and other costs associated with running our day to day activities.

Research and Development Expenses

Research and development expenses include payroll expenses, employee benefits, and other headcount-related expenses associated with platform development and big data analysis to support our business operations.

Pre-operation Expenses

Pre-operation expenses mainly include rental and sourcing costs incurred before an apartment is ready for lease.

Impairment Loss on Long-lived Assets

We evaluate our long-lived assets and finite lived intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of the assets exceeds its expected undiscounted cash flows, we will recognize an impairment loss equal to the difference between the carrying amount and the fair value of these assets. We determined the fair value of the property and equipment based on the income approach using the discounted cash flow associated with the underlying assets, which incorporated certain assumptions including the projected rental units' revenue, growth rates and projected operating costs based on current economic condition, expectation of management and projected trends of current operating results. In July 2020, we acquired certain assets from a rental service company, Great Alliance Co-living Limited, and its affiliates, including apartment rental agreements and leasehold improvements attached to approximately 72,200 rental units in various cities across China, and its trademarks. We reviewed the fair value of the apartment rental agreements and trademarks based on the income approach using the discounted cash flow associated with the underlying assets, which incorporated certain assumptions including the projected rental units' revenue, growth rates and projected operating costs based on current economic condition, expectation of management and projected trends of current operating results.

Loss from disposal of property and equipment

Our loss from disposal of property and equipment in FY 2020 mainly includes loss recognized for our loss of renovations due to the termination of our leases with landlords of certain rental units during the COVID-19 pandemic.

Interest Expense, Net

Interest expense primarily consists of interest on rental installment loans we pay for our tenants, interest on our bank borrowings, and interest on capital lease and other financing arrangement. The following table sets forth a breakdown of our interest expense, net for the periods indicated.

	FY 2018		FY 2019		FY 2020		
	RMB	% of interest expense, net	RMB	% of interest expense, net	RMB	US$	% of interest expense, net
	(in thousands, except for percentages)						
Interest on bank borrowings	(2,930)	3.8	(4,930)	5.4	(56,533)	(8,326)	43.4
Interest on rental installment loans	(73,936)	95.9	(70,621)	76.8	(37,004)	(5,450)	28.4
Interest on capital lease and other financing arrangement	(2,893)	3.7	(18,827)	20.5	(31,094)	(4,580)	23.9
Interest expense on convertible notes	—	—	—	—	(5,899)	(869)	4.5
Interest income	2,592	(3.4)	2,464	(2.7)	324	48	(0.2)
Total	**(77,167)**	**100.0**	**(91,914)**	**100.0**	**(130,206)**	**(19,177)**	**100.0**

Critical Accounting Policies, Judgments and Estimates

We have identified below the accounting policies that we believe are the most critical to the presentation of our consolidated financial information. These accounting policies require subjective or complex judgments by our management, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The estimates and assumptions are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. We review our estimates and underlying assumptions on an on-going basis. For further information on our principal accounting policies, see note 2 of our consolidated financial statements included elsewhere in this annual report.

Revenue Recognition

We source apartments from landlords and convert them into standardized furnished rooms to lease to tenants seeking affordable residences in China. Revenues are primarily derived from rental service and value-added services.

Rental Service Revenues

Rental service revenues are primarily derived from the lease payments from our tenants and are recorded net of tax.

We typically enter into lease agreements with our tenants with terms ranging between 12 months and 26 months, a majority of which have a lock-in period of 12 months or longer. The lock-in period represents the term during which termination will result in the forfeiture of deposit, which is typically one or two months' rent. We determine that the lock-in period is the lease term under ASC 840. When tenants terminate their leases, we return unused portions of any prepaid rentals to the tenant within a prescribed period of time. Deposit can only be returned for termination after the lock-in period. Monthly rent is fixed throughout the lock-in period and there is no rent-free period or rent escalations during the period. We determine all lease arrangements with tenants are operating leases since the benefits and risks incidental to ownership remains with us. Revenue is recognized on a straight-line basis starting from the commencement date stated in the lease agreements.

Tenants who prepay rent for a certain period are entitled to rental discounts. Tenants who rent rental units other than those we acquired from the rental service company in July 2020 and prepay at least six months' rental can enjoy a 5% discount for the lock-in period, and tenants who prepay at least 12 months' rental can enjoy a 10% rental discount for the lock-in period (subject to a RMB200.0 (US$29.5) limit per month after January 1, 2017). Such incentives are only applicable during the lock-in period. We consider the rental discounts as a lease incentive and record it as a reduction in revenue on a straight-line basis over the lease term.

In April 2020, we started to modify arrangements with the rental service company for apartments in certain cities. For some apartments under this arrangement, we no longer lease in apartments from the rental service company or enter into new lease-out agreements with tenants. Instead, we transferred existing leases with tenants to the rental service company. The rental service company maintains the lease-in agreements with the landlords of the apartments, collects rental from the tenants directly and enters into lease-out agreements with new tenants directly. We are engaged by the rental service company to manage these apartments. Pursuant to this arrangement, We are responsible for hiring and supervising the third-party contractor including in its identification of potential tenants and daily operation, and receives fee income equals to the rental income from tenants minus the rental fee to landlords. For each of these apartments, if the rental collected from the tenants is less than the rental paid to the landlords, we are required to pay the rental service company this difference. As of September 30, 2020, we had transferred 25,375 of its rental units contracted and managed these rental units under this modified arrangement. Referring to ASC 840-10-15-6(a), we determine that we lease-in apartments from the rental service company, and lease-out apartment to tenants through the rental service company, because we have the ability and right to operate the apartments while obtaining more than a minor amount of the output of the apartments. The terms of these leases with tenants ranged between 12 and 26 months, and a majority of which have a lock-in period of 12 months or longer. Monthly rent with tenants is fixed throughout the lease term and there is no rent-free period or rent escalations during the period. We determine all lease arrangements with tenants are operating leases since the benefits and risks incidental to ownership remains with us. Revenue is recognized on a straight-line basis starting from the commencement date stated in the lease agreements.

Value-added Services and Others

We adopted ASC 606, Revenue from Contracts with Customers ("ASC 606") on October 1, 2019, using the modified retrospective approach. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

We have assessed the impact of the guidance by reviewing its existing customer contracts and current accounting policies and practices to identify differences that will result from applying the new requirements, including the evaluation of its performance obligations, transaction price, customer payments, transfer of control and principal versus agent considerations. Based on the assessment, we concluded that there was no change to the timing and pattern of revenue recognition for its current revenue streams in scope of ASC 605 and therefore there was no material changes.

In accordance with ASC 606, revenues are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those products. We also evaluate whether it is appropriate to record the gross amount of product sales. When we are a principal, that we obtain control of the specified goods before they are transferred to the customers, the revenues should be recognized in the gross amount of consideration to which it expects to be entitled to in exchange for the specified goods transferred. Revenues are recorded net of value-added taxes.

For FY 2020, we generated revenues from provision of value-added services. Value-added services and others primarily consist of fees received from the tenants from our provision of internet connection and utility services as part of the lease agreement.

The service fees from tenants are fixed in the agreements and is collected on a monthly basis. We recognized on a monthly basis during the period of the lease term. The service fees are recognized on a gross basis as we are the primary obligor in provision of such services and have discretion in establishing transaction prices.

Rental Installment Loans

In order to encourage our tenants to make advance payments, we cooperate with various financial institution partners to facilitate rental installment loans for our tenants, who apply for rental installment loans directly with these financial institutions. The financial institutions approve or decline the rental installment loans based on the tenants' credit profile, and approval of the rental installment loans are not guaranteed to the tenants at lease inception. If the loans are approved by the financial institution partners, the proceeds, which represent the total rental payments for the period covered under the lease agreement, are remitted to us by way of the tenant's entrustment. The proceeds would then be applied to the tenants' rental payments on a monthly basis. We record the entire prepayment as rental installment loans. Tenants repay the loan principal in monthly installments directly to the financial institutions which equals to the monthly rental payment. We pay rental installment loan interests on behalf of tenants and recognize interest expense in the consolidated statements of comprehensive loss.

We also provide guarantee to these financial institutions with respect to our tenants' repayment of the loans. In the event that the tenants default on the repayment or early terminate the lease agreements, we must return the remaining prepayments to the financial institutions within a prescribed period of time. Under the rental installment loan scheme, we have full control of the entire installment loan proceeds and the security deposits collected from the tenants at lease inception are usually sufficient to cover for the delinquent payments from default. As such, we determine that there should be no guarantee liabilities to be recorded as of September 30, 2018, 2019 or 2020.

For rental installment loans received directly from financial institutions, we determine the substance of the arrangement as akin to a debt from our tenants, and as such, this portion was classified as a cash inflow from financing activities within our statements of cash flows. During the lease term, constructive receipts and disbursements are recognized on a monthly basis by recognizing the repayment of rental installment loans as a financing cash outflow and the receipt of monthly rental income as an operating cash inflow.

Rental prepayments received directly from tenants were recorded as deferred revenue in the consolidated balance sheets and classified as a cash inflow from operating activities.

Impairment of Long-lived Assets

We evaluate our long-lived assets and finite lived intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, we measure impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, we recognize an impairment loss equal to the difference between the carrying amount and fair value of these assets.

We performed an impairment test of its long-lived assets associated with certain apartments due to the continued underperformance relative to the projected operating results, and recognized impairment losses of RMB50.6 million, RMB46.2 million and RMB846.8 million (US$124.7 million) during FY 2018, FY 2019 and FY 2020, respectively.

Capital Lease and Other Financing Arrangement

Leases of leasehold improvements or furniture, fixtures and equipment that transfer to us substantially all of the risks and rewards of ownership by the end of the lease term are classified as capital leases. The leasehold improvements and liability are measured initially at an amount equal to the lower of their fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under capital leases are apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

We started to cooperate with a rental service company to source and renovate apartments since August 2018. For certain identified newly sourced apartments, the rental service company reimburses us for costs incurred for the renovation. We then make payments to the rental service company in installments equal to the reimbursed renovation costs plus interest and tax over a period of five years. At the end of the five-year period, the ownership of the renovation will be transferred to us. We account for this arrangement with the rental service company as a capital lease.

Under the same arrangement above, we also sell leasehold improvements and furniture, fixtures and equipment of certain existing apartments to the rental service company at carrying value and simultaneously leases them back. Such transaction fails sales and lease-back accounting and is accounted for as a financing arrangement. The proceeds received from the rental service company are reported as other financing arrangement payable.

Income Taxes

Current income taxes are provided on the basis of profit (loss) before income taxes for financial reporting purposes, adjusted for income and expenses which are not assessable or deductible for income tax purposes, in accordance with the laws of the relevant tax jurisdictions.

Deferred income taxes are provided using assets and liabilities method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, the management considers all positive and negative evidence, including future reversals of projected future taxable income and results of recent operation.

In order to assess uncertain tax positions, we apply a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. We recognize interest and penalties, if any, under accrued expenses and other current liabilities on its consolidated balance sheet and under other expenses in its consolidated statement of comprehensive loss. We did not have any significant unrecognized uncertain tax positions as of September 30, 2018, 2019 and 2020.

Treasury shares

We account for treasury shares using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury shares account on the consolidated balance sheets. At retirement of the treasury shares, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury shares over the aggregate par value is allocated between additional paid-in capital (up to the amount credited to the additional paid-in capital upon original issuance of the shares) and retained earnings.

Fair Value of Ordinary Shares

We had been a private company with no quoted market prices for our ordinary shares. We therefore needed to make estimates of the fair value of our ordinary shares for the purpose of determining the fair value of our ordinary shares at the date of the grant of share-based compensation awards to our employees as one of the inputs into determining the grant date fair value of the award. In determining the fair value of our ordinary shares, we have considered the guidance prescribed by the American Institute of Certified Public Accountants Audit and Accounting Practice Aid Series: Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the AICPA Practice Guide. These estimates will not be necessary to determine the fair value of our ordinary shares once our ADSs begin trading. Valuations and estimates will no longer be necessary once our company goes public because we will then rely on the market price to determine the market value of our common stock.

The following table sets forth the fair value of our ordinary shares at different times with the assistance from an independent third-party appraiser:

Date	Fair value per share (US$)	DLOM	Discount rate	Purpose of valuation
March 16, 2017	0.04	12%	22%	To determine the fair value of RSU grant
July 31, 2017	0.05	12%	22%	To determine the fair value of stock option grant and whether the series C convertible redeemable preferred shares contain any beneficial conversion feature
November 12, 2017	0.06	10%	21%	To determine the fair value of RSU grant
March 29, 2018	0.10	8%	19%	To determine whether the series C-1 convertible redeemable preferred shares contain any beneficial conversion feature
April 1, 2018	0.10	8%	19%	To determine the fair value of RSU grant
June 3, 2019	0.22	5%	17%	To determine whether the series C-2 convertible redeemable preferred shares contain any beneficial conversion feature
September 30, 2019	0.30	3%	17%	To determine the fair value of contingent earn-out liabilities

The determination of the fair value of our ordinary shares requires complex and subjective judgments to be made regarding our projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation.

In determining our equity value, we applied the discounted cash flow analysis based on our projected cash flow using our best estimate as of the valuation date. The major assumptions used in calculating the fair value of our equity include:

- Discount Rates. The discount rates listed out in the table above were based on the weighted average cost of capital, which was determined based on a number of factors including risk-free rate, company specific risk premium, equity risk premium, company size and non-systemic risk factors.
- Discount for Lack of Marketability, or DLOM. DLOM was quantified by the Black Scholes model. This model estimates a DLOM as a function of restricted transferability, using the value of an average-strike put option. This option pricing method is one of the methods commonly used in estimating DLOM as it takes into consideration factors like timing of a liquidity event, such as an initial public offering, and estimated volatility of our shares. The further the valuation date is from an expected liquidity event, the higher the put option value and thus the higher the implied DLOM. The lower the DLOM used for the valuation, the higher the determined fair value of the ordinary shares.

Fair Value of Options

We used the binomial model to estimate the fair value of the options granted on the grant date with assistance from an independent valuation firm. The fair value per option was estimated at the date of grant using the following assumptions.

	April 2016	October 2016	July 2017
Risk-free rate of return[(1)]	3.18%	3.18%	3.21%
Contractual life of option	10 years	10 years	8.4 years
Estimated volatility rate[(2)]	37%	37%	35%
Expected dividend yield	0%	0%	0%
Fair value of underlying ordinary shares	US$0.03	US$0.04	US$0.05

(1) The risk-free rate is based on the yield of US Treasuries, adjusted by country risk premium of China.
(2) The expected volatility is estimated based on historical price volatilities of ordinary shares of several comparable companies.

Share-Based Compensation

The costs of share based payments are recognized in our consolidated financial statements based on their grant-date fair value over the vesting. We determine fair value of our share options as of the grant date using binomial option pricing model and the fair value of our nonvested restricted share units as of the grant date based on the fair market value of the underlying ordinary shares. Determining the value of our share-based compensation expense in future periods also requires the input of subjective assumptions around likely future performance and estimated forfeitures of the underlying shares.

Stock Options A

On August 31, 2014, April 21, 2016, October 17, 2016 and October 18, 2016, we granted an aggregate number of 26.9 million share options to certain management, employees and non-employees, 1.06 million of which had been forfeited as of the date of this annual report. The exercise price was RMB2.00 per share and vests 50% on the first and second anniversary after the IPO date.

Stock Options B

On July 31, 2017, we granted 43.1 million share options to management and employees, 1.18 million of which had been forfeited as of the date of this annual report. The options vested immediately upon the grant date and the exercise price were RMB2.00 per share. If the grantee resigned before the IPO or before the lock-up period lapsed, we have the right to repurchase the share options or ordinary shares at RMB2.00 per share option/ordinary share.

The compensation expenses for above awards with performance as well as service conditions is based upon our judgment of likely future performance and service and may be adjusted in future periods depending on actual performance. Given the vesting was contingent on the IPO, no share-based compensation expense is recognized until the date of the IPO.

We estimate our forfeitures based on past employee retention rates, our expectations of future retention rates, and we will prospectively revise our forfeiture rates based on actual history. We estimate our future performance based on our historical results. Our compensation charges may change based on changes to our assumptions.

Restricted Share Units ("RSUs")

As of the date of this annual report, no RSU is outstanding.

Contingent Earn-out Liabilities

EBITDA Performance Targets for Series C and C-1 Convertible Redeemable Preferred Shares

Along with the issuance of series C, C-1 and C-2 convertible redeemable preferred shares, we contemporaneously entered into agreements with our holders of series C, C-1 and C-2 convertible redeemable preferred shares on July 26, 2017 and March 16, 2018 and in 2019, respectively, pursuant to which for all share issuances, an EBITDA performance target were established. If EBITDA targets were exceeded, the preferred shareholders must give back a portion of its shareholding based on a pre-agreed formula to our managers as incentives with no additional consideration. If expected EBITDA targets were not met, the preferred shareholders were entitled to additional shareholding at par value based on a pre-agreed formula to make up for the dissatisfaction in EBITDA targets.

We believed that it was highly probable EBITDA targets will not be satisfied and recorded the fair value of the EBITDA feature separately as a contingent earn-out liability in the consolidated balance sheets as it met the definition of a freestanding financial instrument liability under ASC 480. At initial measurement, we allocated the proceeds from the issuance of series C, C-1 and C-2 convertible redeemable preferred shares to the fair value of contingent earn-out liabilities, with the remaining being allocated to series C, C-1 and C-2 convertible redeemable preferred shares. Contingent earn-out liabilities will be extinguished, if we are successful in completing a qualified IPO by December 31, 2019.

The holders of the series C-2 convertible redeemable preferred shares waived the series C-2 additional issuance related to market capitalization feature, effective upon our first public filing of the registration statement on Form F-1 on October 7, 2019.

The holders of the series C, C-1 and C-2 convertible redeemable preferred shares waived the EBITDA feature effective upon our completion of initial public offering (IPO) on the Nasdaq Global Market on November 7, 2019.

We determine the fair value with the help from third party professional valuation specialists, and the assumptions used in estimating fair value require significant judgment. The use of different assumptions and judgments could result in a materially different estimate of fair value. Key inputs in determining the fair value of the contingent earn-out liabilities include assumptions such as operating income, operating cost, number of new apartments acquired, probabilities of a qualified IPO, etc., and changes in these assumptions would affect the number and value of future additional shares to be issued. The contingent earn-out liabilities is re-measured at each period-end, with the changes in the fair value recorded in the consolidated statements of comprehensive loss.

Taxation

Cayman Islands

We are incorporated in the Cayman Islands. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

The British Virgin Islands

Our subsidiary incorporated in the British Virgin Islands is not subject to income or capital gains taxes, estate duty, inheritance tax or gift tax under the current applicable laws of the British Virgin Islands. In addition, payment of dividends to the shareholders of our subsidiary in the British Virgin Islands are not subject to withholding tax in the British Virgin Islands.

Hong Kong

Before April 1, 2018, our subsidiary incorporated in Hong Kong was subject to Hong Kong profit tax at a rate of 16.5%. Since April 1, 2018, our subsidiary incorporated in Hong Kong has been subject to Hong Kong profit tax at a rate of 8.25% on assessable profits up to HK$2.0 million and 16.5% on any part of assessable profits over HK$2.0 million. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates. No Hong Kong profit tax has been levied as we did not have assessable profit that was earned in or derived from the Hong Kong subsidiary during the periods presented. Hong Kong does not impose a withholding tax on dividends.

United States

Our subsidiary in the United States is registered in the state of Delaware and is subject to a flat U.S. federal corporate income tax rate of 21% and state income tax rate of 8.7% respectively.

China

Generally, our PRC subsidiaries, variable interest entity and subsidiaries of our variable interest entity, which are considered PRC resident enterprises under PRC tax law, are subject to enterprise income tax on their worldwide taxable income as determined under PRC tax laws and accounting standards at a rate of 25%.

We are subject to value-added tax, or VAT, at a rate of 6% on the services we provide, less any deductible VAT we have already paid or borne. We are also subject to surcharges on VAT payments in accordance with PRC law. VAT has been phased in since May 2012 to replace the business tax that was previously applicable to the services we provide. During the periods presented, we were not subject to business tax on the services we provide.

Dividends paid by our wholly foreign-owned subsidiary in China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entity satisfies all the requirements under the Arrangement between Mainland China 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. If our Hong Kong subsidiary satisfies all the requirements under the tax arrangement, then the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at the standard rate of 5%. See "Item 3. Key Information — D. Risk Factors—Risks Related to Doing Business in China—We rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary to make payments to us could have a material adverse effect on our ability to conduct our business."

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated, both in absolute amount and as a percentage of our net revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	FY 2018		FY 2019		FY 2020		
	RMB	% of total net revenues	RMB	% of total net revenues	RMB	US$	% of total net revenues
	(in thousands, except for percentages)						
Net revenues:							
Rental service revenue	796,940	89.6	1,089,164	88.3	1,105,172	162,774	91.5
Value-added services and others	92,997	10.4	144,606	11.7	102,791	15,139	8.5
Total net revenues	889,937	100.0	1,233,770	100.0	1,207,963	177,913	100.0
Operating costs and expenses:							
Operating cost	(897,959)	(100.9)	(1,304,992)	(105.8)	(1,203,415)	(177,245)	(99.6)
Selling and marketing expenses	(117,826)	(13.2)	(135,413)	(11.0)	(63,512)	(9,354)	(5.3)
General and administrative expenses	(84,953)	(9.5)	(108,196)	(8.8)	(102,769)	(15,136)	(8.5)
Research and development expenses	(51,947)	(5.8)	(47,029)	(3.8)	(24,934)	(3,672)	(2.1)
Pre-operation expenses	(117,107)	(13.2)	(42,661)	(3.5)	(14,245)	(2,098)	(1.2)
Impairment loss on long-lived assets	(50,614)	(5.7)	(46,213)	(3.7)	(846,766)	(124,715)	(70.1)
Loss from disposal of property and equipment	—	—	—	—	(468,980)	(69,073)	(38.8)
Other income, net	4,034	0.5	2,427	0.2	15,881	2,339	1.3

	FY 2018		FY 2019		FY 2020		
	RMB	% of total net revenues	RMB	% of total net revenues	RMB	US$	% of total net revenues
Total operating costs and expenses	(1,316,372)	(147.9)	(1,682,077)	(136.3)	(2,708,740)	(398,954)	(224.2)
Loss from operation	(426,435)	(47.9)	(448,307)	(36.3)	(1,500,777)	(221,041)	(124.2)
Interest expense, net	(77,167)	(8.7)	(91,914)	(7.4)	(130,206)	(19,177)	(10.8)
Foreign exchange loss, net	(91)	—	(457)	—	(62)	(9)	—
Fair value change of contingent earn-out liabilities	6,164	0.7	42,404	3.4	97,417	14,348	8.1
Loss before income taxes	(497,529)	(55.9)	(498,274)	(40.4)	(1,533,628)	(225,879)	(127.0)
Income tax expense	(2,393)	(0.3)	(63)	—	(13)	(2)	—
Net loss	(499,922)	(56.2)	(498,337)	(40.4)	(1,533,641)	(225,881)	(127.0)

FY 2020 Compared to FY 2019

Net Revenues

Our net revenues decreased by 2.1% from RMB1,233.8 million in FY 2019 to RMB1,208.0 million (US$177.9 million) in FY 2020. Our rental service revenues increased by 1.5% from RMB1,089.2 million in FY 2019 to RMB1,105.2 million (US$162.8 million) in FY 2020 primarily due to an increase in average monthly rental after discount for rental prepayment from RMB1,074 in FY 2019 to RMB1,169 (US$172) in FY 2020, partially offset by a decrease in our number of occupied rental units due to the COVID-19 pandemic in China.

Our net revenues from value-added services and others decreased by 28.9% from RMB144.6 million in FY 2019 to RMB102.8 million (US$15.1 million) in FY 2020, primarily attributable to the decrease in our revenues from broadband internet and utility service due to (i) a decrease in the number of occupied rental units during the COVID-19 pandemic in China and (ii) the early termination of leases with landlords of certain rental units.

Operating Costs and Expenses

Our total operating costs and expenses increased by 61.0% from RMB1,682.1 million in FY 2019 to RMB2,708.7 million (US$399.0 million) in FY 2020. The increase in our operating costs and expenses was primarily due to increase in our loss from disposal of property and equipment and impairment loss on ling lived assets, partially offset by decrease in operating cost, selling and marketing expenses and pre-operation expenses.

- *Operating cost*. Our operating cost decreased by 7.8% from RMB1,305.0 million in FY 2019 to RMB1,203.4 million (US$177.2 million) in FY 2020.
  - *Rental cost.* Our rental cost decreased by 16.6% from RMB975.3 million in FY 2019 to RMB813.8 million (US$120.0 million) in FY 2020. This was primarily attributable to the decrease in our number of available rental unit nights as we optimized our apartment network and the reversal of the deferred rent of RMB236.4 million (US$34.8 million) due to the termination of leases with landlords.

    Our rental cost as a percentage of rental service revenue decreased from 89.5% in FY 2019 to 73.6% in FY 2020, primarily attributable to the reverse of the deferred rent of RMB236.4 million (US$34.8 million) due to the early termination of leases with landlords.
  - *Depreciation expenses.* Our depreciation expenses increased by 23.2% from RMB207.8 million in FY 2019 to RMB256.1 million (US$37.7 million) in FY 2020, primarily attributable to our asset acquisition in July 2020.

- *Personnel costs related to after-rent activities of apartment managers.* Our personnel costs incurred by apartment managers in providing after-rent services increased by 226.6% from RMB23.7 million in FY 2019 to RMB77.4 million (US$11.4 million) in FY 2020, primarily attributable to our increased effort in operating and maintaining the rental units during the COVID-19 pandemic in China and our asset acquisition in July 2020.
- *Costs for value-added services and others.* Our cleaning cost, utility cost, broadband internet cost and other cost decreased by 42.7% from RMB98.1 million in FY 2019 to RMB56.2 million (US$8.3 million) in FY 2020. This decrease was primarily in relation to (i) the termination of certain leases with landlords before the end of the original lease terms due to the COVID-19 pandemic and (ii) a decrease in the number of occupied rental units during the COVID-19 pandemic in China.

- *Selling and marketing expenses*. Our selling and marketing expenses decreased by 53.1% from RMB135.4 million in FY 2019 to RMB63.5 million (US$9.4 million) in FY 2020. The decrease was primarily attributable to cost-saving efforts and the decrease in the number of our apartment managers who were our employees. Our personnel costs under selling and marketing expenses decreased by 45.7% from RMB77.5 million in FY 2019 to RMB42.1 million (US$6.2 million) in FY 2020. Our advertising and promotion expenses decreased by 69.1% from RMB44.0 million in FY 2019 to RMB13.6 million (US$2.0 million) in FY 2020.
- Our selling and marketing expenses as a percentage of total net revenues decreased from 11.0% in FY 2019 to 5.3% in FY 2020 due to our cost-saving efforts.
- *General and administrative expenses*. Our general and administrative expenses decreased by 5.0% from RMB108.2 million in FY 2019 to RMB102.8 million (US$15.1 million) in FY 2020. The decrease was primarily attributable to cost-saving efforts. Our personnel costs under general and administrative expenses decreased by 32.0% from RMB58.4 million in FY 2019 to RMB39.7 million (US$5.8 million) in FY 2020 due to our cost-saving efforts.
- Our general and administrative expenses as a percentage of total net revenues increased from 8.8% in FY 2019 to 8.5% in FY 2020 due to a decrease in our net revenues attributable to the COVID-19 pandemic.
- *Research and development expenses*. Our research and development expenses decreased by 47.0% from RMB47.0 million in FY 2019 to RMB24.9 million (US$3.7 million) in FY 2020, primarily attributable to our reduction of investments in the IT infrastructure as the system becomes mature.
- *Pre-operation expenses*. Our pre-operation expenses decreased by 66.6% from RMB42.7 million in FY 2019 to RMB14.2 million (US$2.1 million) in FY 2020. The decrease was primarily attributable to a reduction of our renovation activities. These decreases were due to fewer new rental units being renovated in FY 2020, compared to the expansion in FY 2019.
- Our pre-operation expenses as a percentage of total net revenues decreased from 3.5% in FY 2019 to 1.2% in FY 2020 as fewer new rental units were developed in FY 2020 compared to FY 2019.
- *Impairment loss on long-lived assets.* Our impairment loss on long-lived assets increased significantly by 1,732.3% from RMB46.2 million in FY 2019 to RMB846.8 million (US$124.7 million) in FY 2020, primarily attributable to our impairment in response to the adverse of the COVID-19 pandemic.
- *Loss from disposal of property and equipment.* Our loss from disposal of property and equipment of RMB469.0 million (US$69.1 million) in FY 2020 was primarily attributable to our loss of renovations due to the termination of our leases with landlords of certain rental units during the COVID-19 pandemic.

Loss from Operations

As a result of the foregoing, our loss from operations increased by 234.8% from RMB448.3 million in FY 2019 to RMB1,500.8 million (US$221.0 million) in FY 2020.

Interest Expense, Net

Our interest expense increased by 38.3% from RMB94.4 million in FY 2019 to RMB130.5 million (US$19.2 million) in FY 2020. The increase was primarily attributable to the increase of our debts and the issuance of convertible notes.

Our interest income, which primary related to the interest from our bank deposits, decreased from RMB2.5 million in FY 2019 to RMB0.3 million (US$47.8 thousand) in FY 2020.

Fair Value Change of Contingent Earn-out Liabilities

We recorded a gain from fair value change of contingent earn-out liabilities of RMB42.4 million and RMB97.4 million (US$14.3 million) in FY 2019 and FY 2020, respectively. The fair value change of contingent earn-out liabilities mainly relates to our contingent earn-out liabilities to series C, C-1 and C-2 preferred shareholders, which were waived in FY 2020 upon the completion of our initial public offering.

Loss before Income Taxes

As a result of the foregoing, our loss before income taxes increased by 207.8% from RMB498.3 million in FY 2019 to RMB1,533.6 million (US$225.9 million) in FY 2020.

Income Tax Expense

Our income tax expense was RMB63.0 thousand in FY 2019 and RMB13.0 thousand (US$1.9 thousand) in FY 2020. We incurred income tax expense despite our loss before income tax as certain of our subsidiaries in the PRC had income before taxes and income tax was assessed accordingly on these subsidiaries.

Net Loss

As a result of the foregoing, we recorded a net loss of RMB498.3 million in FY 2019 and RMB1,533.6 million (US$225.9 million) in FY 2020.

FY 2019 Compared to FY 2018

Net Revenues

Our net revenues increased by 38.6% from RMB889.9 million in FY 2018 to RMB1,233.8 million in FY 2019. Our rental service revenues increased by 36.7% from RMB796.9 million in FY 2018 to RMB1,089.2 million in FY 2019, driven by an increase in our number of occupied rental units, partially offset by a decrease in average monthly rental after discount for rental prepayment from RMB1,180 for FY 2018 to RMB1,074 for FY 2019.

Our net revenues from value-added services and others increased by 55.5% from RMB93.0 million in FY 2018 to RMB144.6 million in FY 2019, driven by (i) an increase in the revenues from broadband internet and utility service from RMB51.1 million and RMB19.4 million in FY 2018, respectively, to RMB77.1 million and RMB28.5 million in FY 2019, respectively, which are in line with the increase in our number of occupied rental units, and (ii) an increase in the revenue from indemnity, as an increased number of tenants and landlords terminated their leases with us before the expiration of the lock-in period and we forfeited their deposits or received compensation from them for such termination.

Operating Costs and Expenses

Our operating costs and expenses increased by 27.8% from RMB1,316.4 million in FY 2018 to RMB1,682.1 million in FY 2019. The increase in our operating costs and expenses was generally in line with our revenue growth and business expansion.

- *Operating cost*. Our operating cost increased by 45.3% from RMB898.0 million in FY 2018 to RMB1,305.0 million in FY 2019.
  - *Rental cost.* Our rental cost increased by 46.7% from RMB664.7 million in FY 2018 to RMB975.3 million in FY 2019. This was primarily attributable to the increase in our number of available rental unit nights as we continued to expand our apartment network.

    Our rental cost as a percentage of rental service revenue increased from 83.4% in FY 2018 to 89.5% in FY 2019, primarily due to a large number of new rental units being in ramp-up period, which generated lower rental spread margin and had lower occupancy, and as we proactively lowered our rental slightly to keep a comparatively high occupancy rate in 2019.
  - *Depreciation expenses.* Our depreciation expenses increased by 42.6% from RMB145.8 million in FY 2018 to RMB207.8 million in FY 2019, primarily attributable to the increase in our number of available rental unit nights as we continued to expand our apartment network.
  - *Personnel costs related to after-rent activities of our apartment managers.* Our personnel costs incurred by apartment managers in providing after-rent services increased by 12.4% from RMB21.1 million in FY 2018 to RMB23.7 million in FY 2019 primarily attributable to the increase in the number of occupied rental units.
  - *Costs for value-added services and others*. Our cleaning cost, utility cost, broadband internet cost and other cost increased from RMB66.4 million in FY 2018 to RMB98.1 million in FY 2019. This increase was primarily in relation to the growth of our cleaning and utility services in FY 2019.
- *Selling and marketing expenses*. Our selling and marketing expenses increased by 14.9% from RMB117.8 million in FY 2018 to RMB135.4 million in FY 2019. The increase was primarily attributable to the expansion of our business to new areas of our existing cities, which resulted in an increase in personnel costs and advertising and promotion expenses as we expand our local team and build our brand name. Our personnel costs under selling and marketing expenses increased by 35.3% from RMB57.3 million in FY 2018 to RMB77.5 million in FY 2019. Our advertising and promotion expenses increased by 5.2% from RMB41.8 million in FY 2018 to RMB44.0 million in FY 2019.

  Our selling and marketing expenses as a percentage of total net revenues decreased from 13.2% in FY 2018 to 11.0% in FY 2019 as due to economies of scale particularly as we further leveraged operation in our existing cities.
- *General and administrative expenses*. Our general and administrative expenses increased by 27.4% from RMB85.0 million in FY 2018 to RMB108.2 million in FY 2019. The increase was primarily attributable to an increase in our personnel costs, partially offset by a decrease in our office rents. Our personnel costs under general and administrative expenses increased by 46.2% from RMB39.9 million in FY 2018 to RMB58.4 million in FY 2019 as we increased our investment in additional personnel in preparation for expanding our business and strengthening our management capabilities. Our office rents decreased by 43.9% from RMB16.2 million in FY 2018 to RMB9.1 million in FY 2019 as we optimized the usage of our office space and terminated our leases of some of our office space in Shanghai in FY 2019.

Our general and administrative expenses as a percentage of total net revenues decreased from 9.6% in FY 2018 to 8.8% in FY 2019 due to economies of scale particularly as we further leveraged operation in our existing cities.

- *Research and development expenses*. Our research and development expenses decreased by 9.5% from RMB51.9 million in FY 2018 to RMB47.0 million in FY 2019, primarily attributable to the decrease in staff costs as we optimized our research and development system and improved the efficiency.
- *Pre-operation expenses*. Our pre-operation expenses decreased by 63.6% from RMB117.1 million in FY 2018 to RMB42.7 million in FY 2019. The decrease was primarily attributable to (i) a decrease in the pre-operation rental cost by 68.9% from RMB90.6 million in FY 2018 to RMB28.2 million in FY 2019, and (ii) a decrease in the pre-operation personnel cost by 45.5% from RMB26.5 million in FY 2018 to RMB14.4 million in FY 2019. These decreases were due to fewer new rental units being developed in FY 2019 compared to FY 2018.

  Our pre-operation expenses as a percentage of total net revenues decreased from 13.2% in FY 2018 to 3.5% in FY 2019 as fewer new rental units were developed in FY 2019 compared to FY 2018.
- *Impairment loss on long-lived assets*. Our impairment loss on long-lived assets decreased from RMB50.6 million in FY 2018 to RMB46.2 million in FY 2019 due to fewer new rental units were contracted in FY 2019 compared to FY 2018.

Loss from Operations

As a result of the foregoing, our loss from operations increased by 5.1% from RMB426.4 million in FY 2018 to RMB448.3 million in FY 2019.

Interest Expense, Net

Our interest expense increased by 19.1% from RMB79.8 million in FY 2018 to RMB94.4 million in FY 2019. The increase was primarily attributable to the increase in interest expense we incurred on capital lease and other financing from RMB2.9 million in FY 2018 to RMB18.8 million in FY 2019 as we started to cooperate with a rental service company under a capital lease and other financing arrangement in August 2018. The increase was partially offset by the decrease in the interest expense we incurred for our tenants who used rental installment loans to prepay rentals by 4.5% from RMB73.9 million in FY 2018 to RMB70.6 million in FY 2019. The decrease in such interest expense was, in turn, due to the decrease in our monthly average outstanding rental installment loan balance by 6.4% from RMB985.3 million in FY 2018 to RMB922.7 million in FY 2019.

Our interest income, which primary related to the interest from our bank deposits, decreased from RMB2.6 million in FY 2018 to RMB2.5 million in FY 2019.

Fair Value Change of Contingent Earn-out Liabilities

We recorded a fair value gain of contingent earn-out liabilities of RMB6.2 million and RMB42.4 million in FY 2018 and FY 2019, respectively. The fair value change of contingent earn-out liabilities mainly relates to our contingent earn-out liabilities to series C, C-1 and C-2 preferred shareholders.

Loss before Income Taxes

As a result of the foregoing, our loss before income taxes increased by 0.1% from RMB497.5 million in FY 2018 to RMB498.3 million in FY 2019.

Income Tax Expense

Our income tax expense was RMB2.4 million in FY 2018 and RMB63.0 thousand in FY 2019. We incurred income tax expense despite our loss before income tax as certain of our subsidiaries in the PRC had income before taxes and income tax was assessed accordingly on these subsidiaries.

Net Loss

As a result of the foregoing, we recorded a net loss of RMB499.9 million in FY 2018 and RMB498.3 million in FY 2019.

B. Liquidity and Capital Resources

Our principal sources of liquidity, which we have used to fund our growth, operations and capital expenditures for our apartments network, have been proceeds from tenants' rental prepayment, including rental prepayment financed by rental installment loans from our financial institution partners, availability under our bank facilities, capital lease and other financing, proceeds from our initial public offering, equity financing from issuance of preferred shares, and proceeds from our issuance of convertible notes.

As of September 30, 2020, we had cash and cash equivalents of RMB22.9 million (US$3.4 million), and restricted cash of RMB8.9 million (US$1.3 million). Our cash and cash equivalent represented cash on hand and demand deposits, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less when purchased, and our restricted cash represented our deposits used as security against our bank borrowings and tenants' repayment of rental installment loans.

We recorded rental installment loan proceeds, which represent our tenants' prepaid rents, as rental installment loans in our consolidated balance sheet. As of September 30, 2020, we had RMB54.5 million (US$8.0 million) in outstanding rental installment loans, with fixed annual interest rates between 4.35% and 8.60%. Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants.

In August 2018, we started to cooperate with a rental service company owned by a bank to source and renovate apartments in Shanghai and Hangzhou. Under this model for certain newly sourced apartments, we continue to be responsible for the entire operating process, including identifying potential apartments for rent, rental pricing and procuring and paying for apartment renovation. Once we have finished the renovation, the rental service company reimburses us for our costs incurred for the renovation. We make payments to the rental service company in installments equal to the reimbursed renovation costs plus interest (with a fixed annual interest rate ranging from 6.84% to 8.04%) and tax over a period of five years. At the end of the five-year period, the ownership of the renovation will be transferred to us. We account for the arrangement with the rental service company as a capital lease. Under this arrangement, we also sell leasehold improvements and furniture, fixtures and equipment of certain existing apartments to the rental service company at carrying value and simultaneously lease them back. We account for such transaction as a financing arrangement. The proceeds received from the rental service company are reported as other financing arrangement payable. Due to the rising vacancy rate of our rental units caused by the COVID-19 pandemic, we decreased the number of apartment contracted by terminating some of the leases with landlords under this model. In April 2020, we started to modify this cooperation for apartments in certain cities. For some apartments under this model, we no longer lease in apartments from the rental service company or enter into new lease-out agreements with tenants. Instead, we transferred existing leases with tenants to the rental service company. The rental service company maintains the lease-in agreements with the landlords of the apartments, collects rental from the tenants directly and enters into lease-out agreements with new tenants directly. We are engaged by the rental service company to manage these apartments. Pursuant to this arrangement, we are responsible for hiring and supervising the third-party contractor including in its identification of potential tenants and daily operation, and receives fee income equals to the rental income from tenants minus the rental fee to landlords. For each of these apartments, if the rental collected from the tenants is less than the rental paid to the landlords, we are required to pay the rental service company this difference. As of September 30, 2020, our capital lease and other financing arrangement payable to this rental service company was RMB417.1 million (US$64.1 million), representing the principal amount and accrued interest over our renovation costs on 8,707 apartments under this model as of the same date.

As of September 30, 2020, we had RMB533.2 million (US$78.5 million) in our outstanding bank borrowings. As of September 30, 2020, we were in compliance with all material terms and covenants of our credit agreements.

We also raised capital from issuing preferred shares, convertible notes and warrants. In July 2020, we issued series 1 and series 2 convertible notes in the aggregate principal amount of US$30.050 million at par and warrants to purchase 104,871 ADSs to Key Space (S) Pte Ltd and Veneto Holdings Ltd., and subsequently, from September 2020 to December 2020, we issued additional series 1 and series 2 convertible notes in the aggregate principal amount of US$12.03 million at par and warrants to purchase 67,696 ADSs to Key Space (S) Pte Ltd, pursuant to the convertible notes and warrant purchase agreements. See "— Convertible Notes and Warrants."

Our business requires substantial capital expenditure, and we need to make significant upfront investment for sourcing and renovation of rental apartments, including to add an additional bedroom under our N+1 model, and decorate and furnish them. We have relied on proceeds from our tenants' rental prepayment to finance a significant portion of our capital expenditure. When a tenant terminates the lease before the end of the period covered by his or her rental prepayment, we are required to refund the unused prepaid rentals to the tenant, or repay the rental installment loans representing the unused prepaid rentals to our financial institution partners where the tenant used the proceeds from the rental installment loans granted by such financial institution partners to finance the rental prepayment. In FY 2020, 69.0% of our terminated leases with tenants were terminated before the expiration of the lease term covered by the prepayment, and 72.6% of our terminated leases with tenants were terminated before the expiration of the applicable lock-in period (if a tenant terminates the lease before the lock-in period, which is typically 12 months, his or her security deposit, usually representing one or two months' rental will be forfeited).

To manage potential liquidity risk arising from tenants' early termination, we have adopted a stringent cash management policy, which involves monitoring the level of our outstanding rental installment loan on the one hand, and our expenses and other capital requirements and available sources of financing on the other hand on a monthly basis to determine the maximum volume of rental installment loan inflow for the following month. We have also been exploring alternative sources of financing, for example, our partnership with a rental service company owned by a bank since August 2018 to finance apartment renovation under a financing arrangement model, which has been modified since April 2020, and asset-light strategies, including sourcing furnished apartments from landlords to reduce our upfront capital outlay. We also regularly monitor our current and expected liquidity requirements to ensure that we maintain sufficient cash balances to meet our liquidity needs.

As of September 30, 2018, 2019 and 2020, we recorded negative working capital, and our current liabilities exceeded our current assets by RMB1,521.9 million, RMB1,100.6 million and RMB1,758.7 million (US$259.0 million), respectively. Furthermore, in January 2020, we entered into agreements with a rental service company to acquire lease contracts with landlords and tenants and related fixtures and equipment for approximately 47,000 rental units in Sichuan and Chongqing for a consideration of RMB580.0 million, consisting of cash and our Class A ordinary shares, which is payable by the end of 2020 and subject to adjustments based on the quality of the assets according to the agreements. However, given the closing conditions were not fulfilled by September 30, 2020, this acquisition has been terminated in substance. We did not pay any consideration, and the deposit of RMB200.0 million we paid in January 2020 was fully returned to us. We have agreed to pay back the RMB8.0 million (US$1.2 million) that this rental service company paid us before the termination of this acquisition. In addition, in July 2020, to replenish and expand our rental units portfolio, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China at a total consideration of US$130 million, less certain liabilities to be assumed by us. We have paid US$5.8 million to the transferor to settle the first installment of the consideration as of the date of this annual report, and the remaining consideration for the acquisition, which consists of US$23.2 million in cash and 128.6 million Class A ordinary shares, subject to adjustments based on terms and conditions set forth in the agreements, will be payable in installments upon reaching certain milestones linked to the transfer of lease contracts and other related assets. These factors raise substantial doubt about our ability to continue as a going concern. The report of our independent registered public accounting firm on our consolidated financial statements included elsewhere in this annual report includes an explanatory paragraph questioning our ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern. These factors are mitigated by the following plans and actions: (i) in February 2021, a principal shareholder of us had agreed to consider providing necessary financial support to us, in the form of debt and/or equity, to enable us to meet our other liabilities and commitments as they become due for at least twelve months from the date of this annual report; (ii) in December 2020, we entered into two new bank borrowing agreements with SHRB, pursuant to which we borrowed RMB25.9 million (US$3.8 million) and RMB9.0 million (US$1.3 million), respectively. We used these two new bank borrowings to repay the outstanding bank borrowings; (iii) in July and November 2020, we entered into two bank borrowing extension agreements with Shanghai Huarui Bank Co., Ltd., or SHRB, respectively, pursuant to which the bank extended the due date of one borrowing with the principal amount of RMB27.0 million (US$4.0 million) to January through March of 2022, and the due date of one borrowing with the principal amount of RMB132.0 million (US$19.4 million) to October 2021; and (iv) in July 2020, we issued series 1 and series 2 convertible notes in the aggregate principal amount of US$30.050 million at par and warrants to purchase 104,871 ADSs to Key Space (S) Pte Ltd and Veneto Holdings Ltd., and subsequently, from September 2020 to December 2020, we issued additional series 1 and series 2 convertible notes in the aggregate principal amount of US$12.03 million at par and warrants to purchase 67,696 ADSs to Key Space (S) Pte Ltd, pursuant to the convertible notes and warrant purchase agreements. Based on our historical experience, renovation and supply chain funding requests will be approved in the normal course of business, provided that we submit the required supporting documentation and the amount is within the credit limit granted. Based on the above, we believe our existing capital resources are sufficient to meet our cash requirements to fund planned operations and other commitments for at least the next 12 months from the date of this annual report.

However, future financing requirements will depend on many factors, including the scale and pace of the expansion of our apartment network, our efficiency in apartment operation, including apartment renovation and pricing, the expansion of our sales and marketing activities, and potential investments in, or acquisitions of, businesses or technologies. Inability to access financing on favorable terms in a timely manner or at all would materially and adversely affect our business, results of operations, financial condition, and growth prospects.

However, future financing requirements will depend on many factors, including the scale and pace of the expansion of our apartment network, our efficiency in apartment operation, including apartment renovation and pricing, the expansion of our sales and marketing activities, and potential investments in, or acquisitions of, businesses or technologies. Additional funds may not be available on favorable terms or at all. See “Item 3. Key Information — D. Risk Factors —Risk Related to Our Business and Industry — Our business requires significant capital expenditure for sourcing, renovation and maintenance of rental apartments. Inability to access financing on favorable terms in a timely manner or at all would materially and adversely affect our business, results of operations, financial condition, and growth prospects.”

The following table sets forth a summary of our cash flows for the years indicated:

	FY 2018	FY 2019	FY 2020	
	RMB	RMB	RMB	US$
Net cash (used in) provided by operating activities	(117,048)	(88,189)	54,841	8,078
Net cash (used in) investing activities	(674,298)	(351,450)	(138,670)	(20,406)
Net cash provided by (used in) financing activities	539,528	569,569	(134,924)	(17,979)
Effect of foreign exchange rate changes	3,455	2,132	(295)	(104)
Net increase (decrease) in cash, cash equivalents and restricted cash	(248,363)	132,062	(219,048)	(30,411)
Cash, cash equivalents and restricted cash at the beginning of the period	367,115	118,752	250,814	35,090
Cash, cash equivalents and restricted cash at the end of the period	118,752	250,814	31,766	4,679

Operating Activities

Net cash provided by operating activities was RMB54.8 million (US$8.1 million) in FY 2020, which was primarily attributable to a net loss of RMB1,533.6 million (US$225.9 million) adjusted by non-cash items of RMB1,296.5 million (US$191.0 million) and a net working capital inflow of RMB292.0 million (US$43.0 million). The non-cash items of RMB1,296.5 million (US$191.0 million) were primarily attributable to (i) impairment loss of RMB846.8 million (US$124.7 million) as we recorded an impairment, (ii) loss from disposal of property, plant and equipment of RMB469.0 million (US$69.1 million) as we terminated our leases with landlords of 48,292 rental units before the end of the original lease terms in FY 2020 due to the COVID-19 pandemic, and (iii) depreciation and amortization of RMB263.0 million (US$38.7 million), partially offset by (i) reverse of deferred rent of RMB201.1 million (US$29.6 million) due to the early termination of leases with landlords and (ii) fair value change of contingent earn-out liabilities of RMB97.4 million (US$14.3 million). The net working capital inflow of RMB292.0million (US$43.0 million) was primarily attributable to (i) an increase in accrued expenses and other current liabilities of RMB269.5 million (US$39.7 million), (ii) a decrease in prepaid rent and deposit of RMB146.9 million (US$21.6 million), and (iii) an increase in accounts payable of RMB115.2 million (US$17.0 million) and, partially offset by (i) a decrease in deposits from tenants of RMB161.5 million (US$23.8 million) and (ii) a decrease in deferred revenue of RMB127.9 million (US$18.8 million).

Net cash used in operating activities was RMB88.2 million in FY 2019, which was primarily attributable to a net loss of RMB498.3 million, partially offset by non-cash items of RMB300.4 million and a net working capital inflow of RMB109.8 million. The non-cash items of RMB300.4 million were primarily attributable to (i) depreciation and amortization of RMB215.1 million in relation to our renovation cost, (ii) deferred rent of RMB57.6 million, which represented the amount by which our straight-lined rental costs exceeded our contractual liability under our lease agreements with landlords, and (iii) impairment loss of RMB46.2 million. The net working capital inflow of RMB109.8 million was primarily attributable to (i) an increase in deposits from tenants of RMB49.9 million (ii) a decrease in prepaid rent and deposit of RMB49.8 million, (iii) an increase in deferred revenue of RMB17.5 million, which represented the portion of prepaid rents within the applicable lock-in period, as the number of occupied rental units increased and less tenants used rental installment loans to finance their rental prepayments, and (iv) an increase in accounts payable of RMB16.3 million, partially offset by the decrease in amounts due to related parties of RMB29.1 million.

Net cash used in operating activities was RMB117.0 million in FY 2018, which was primarily attributable to a net loss of RMB499.9 million, partially offset by non-cash items of RMB392.0 million and a net working capital outflow of RMB9.1 million. The non-cash items of RMB392.0 million were primarily attributable to (i) deferred rent of RMB182.3 million, which represented the amount by which our straight-lined rental costs exceeded our contractual liability under our lease agreements with landlords, (ii) depreciation and amortization of RMB152.3 million in relation to our renovation cost, and (iii) impairment loss of RMB50.6 million. The net working capital outflow of RMB9.1 million was primarily attributable to (i) an increase in prepaid rent and deposit of RMB75.9 million, (ii) an increase in other current assets of RMB21.5 million, and (iii) an increase in amounts due from related parties of RMB10.0 million, partially offset by (i) an increase in accrued expenses and other current liabilities of RMB36.2 million, (ii) an increase in deposit from tenants of RMB32.2 million, and (iii) an increase in deferred revenue of RMB22.2 million, which represented the portion of prepaid rents within the applicable lock-in period, as we expanded our apartment network and increased occupancy rate.

Investing Activities

Net cash used in investing activities was RMB138.7 million (US$20.4 million) in FY 2020, due to our purchases of property and equipment of RMB99.2 million (US$14.6 million) and partial payment for asset acquisition of RMB39.5 million (US$5.8 million).

Net cash used in investing activities was RMB351.5 million in FY 2019, primarily due to our purchases of property and equipment of RMB341.7 million.

Net cash used in investing activities was RMB674.3 million in FY 2018, due to our purchases of property and equipment of RMB674.3 million.

Financing Activities

Net cash used in financing activities was RMB134.9 million (US$18.0 million) in FY 2020. This primarily consisted of (i) the repayment of RMB924.2 million (US$136.1 million) of rental installment loans, and (ii) the payment of RMB248.9 million (US$36.7 million) for repurchase of ADS from certain investors into treasury shares, partially offset by (i) proceeds of RMB351.0 million (US$51.7 million) from short-term bank borrowing, (ii) net proceeds of RMB289.0 million (US$44.5 million) from IPO, net of issuance cost of RMB29.3 million (US$4.3 million), and (iii) proceeds of RMB258.1 million (US$38.0 million) from rental installment loans.

Net cash provided by financing activities was RMB569.6 million in FY 2019. This primarily consisted of (i) proceeds of RMB1,084.3 million from rental installment loans, (ii) proceeds of RMB530.0 million from issuance of preferred shares, net of issuance costs, (iii) proceeds of RMB327.6 million from capital lease and other financing arrangement, and (iv) proceeds of RMB254.0 million from long-term and short-term borrowings, partially offset by (i) the repayment of RMB1,442.8 million of rental installment loans, and (ii) the repayment of RMB128.1 million of long-term and short-term borrowings.

Net cash provided by financing activities was RMB539.5 million in FY 2018. This primarily consisted of proceeds of RMB1,886.2 million from rental installment loans, and proceeds of RMB185.1 million from issuance of preferred shares, partially offset by (i) the repayment of RMB1,523.1 million of rental installment loans, (ii) RMB108.1 million of repayment of long-term debt bank borrowings and (iii) RMB49.0 million of repayment of short-term bank borrowings.

Rental Installment Loans

We cooperate with various commercial banks and other financial institutions to facilitate rental installment loans for our tenants in need. Since May 2020, the financial institutions have suspended providing new rental installment loans to tenants. Before this, our tenants could apply for rental installment loans directly from these financial institutions. If the loans were approved by the financial institutions, the proceeds, which represented the total rental payments for the period covered under the lease agreement, were available to us at the inception of the lease and were applied to the tenants' rental payments on a monthly basis. As of September 30, 2020, we cooperated with 7 financial institutions to finance rental installment loans with annual interest rates between 4.35% and 8.60% and a total outstanding principal balance of RMB54.5 million (US$8.0 million).

Capital Leases and Other Financing Arrangement

In August 2018, we started to cooperate with a rental service company owned by a state-owned bank in apartment sourcing and renovation. Under this model for certain newly sourced apartments, we continue to be responsible for the entire operating process, including identifying potential apartments for rent, rental pricing and procuring and paying for apartment renovation. Once we have finished the renovation, the rental service company reimburses us for our costs incurred for the renovation. We make payments to the rental service company in installments equal to the reimbursed renovation costs plus interest and tax over a period of five years. At the end of the five-year period, the ownership of the renovation will be transferred to us. Under this arrangement, we also sell leasehold improvements and furniture, fixtures and equipment of certain existing apartments to the rental service company at carrying value and simultaneously lease them back. The cooperation has provided us with access to a stable source of low-cost capital to finance our apartment renovation upfront, which helps us scale in a cost-efficient manner. Due to the rising vacancy rate of our rental units caused by the COVID-19 pandemic, we decreased the number of apartment contracted by terminating some of the leases with landlords under this model. In April 2020, we started to modify this cooperation for apartments in certain cities. For some apartments under this model, we no longer lease in apartments from the rental service company or enter into new lease-out agreements with tenants. Instead, we transferred existing leases with tenants to the rental service company. The rental service company maintains the lease-in agreements with the landlords of the apartments, collects rental from the tenants directly and enters into lease-out agreements with new tenants directly. We are engaged by the rental service company to manage these apartments. Pursuant to this arrangement, we are responsible for hiring and supervising the third-party contractor including in its identification of potential tenants and daily operation, and receives fee income equals to the rental income from tenants minus the rental fee to landlords. For each of these apartments, if the rental collected from the tenants is less than the rental paid to the landlords, we are required to pay the rental service company this difference. As of September 30, 2020, we had transferred 25,375 of our rental units contracted and managed these rental units under this modified cooperation, and the total outstanding principal balance of RMB417.1 million (US$61.4 million).

Credit Facilities

In the first quarter of 2019, we entered into a strategic cooperation agreement with Shanghai Huarui Bank Co., Ltd., or SHRB, pursuant to which we were granted a three-year revolving credit line of RMB2.0 billion. Of this credit line, RMB450.0 million is for decoration, RMB550.0 million for supply chain financing, and RMB1.0 billion for our guarantee on rental installment loans. The credit line is available by February 2022. The interest rate for this credit facility was fixed at 7.5% per annum. As of September 30, 2020, the total outstanding amount under this credit line was RMB58.9 million (US$8.7 million).

In December 2019, we entered into a loan agreement with Azure Investments Ltd., pursuant to which we were granted a short-term non-revolving credit line of US$35.0 million. The interest rate for this credit facility was fixed at 6.0% per annum. The credit line is available by September 30, 2020. As of the date of this annual report, the total outstanding amount under this credit line was US$31.5 million.

In April 2020, we entered into an 18-month bank loan contract with SHRB under which we borrowed RMB50.0 million (US$7.4 million) to repay the rental installment loans on behalf of departed tenants. The rate of the loan was 7.5% per annum. As of September 30, 2020, we had drawn down RMB50.0 million (US$7.4 million), which is to be paid in October 2021.

In May 2020, we entered into an 18-month bank loan contract with SHRB under which we borrowed RMB50.0 million (US$7.4 million) to repay the rental installment loans on behalf of departed tenants. The rate of the loan was 7.5% per annum. As of September 30, 2020, we had drawn down RMB50.0 million (US$7.4 million), which is to be paid in November 2021.

In September 2020, we entered into an 18-month bank credit facility with SHRB under which we can draw-down up to RMB108.0 million (US$15.9 million) by March 26, 2021 to repay both the rental installment loans on behalf of tenants who departed the rented apartments and the daily operating expenses. The interest rate for this credit facility was 8.5% per annum. As of September 30, 2020, we had drawn down RMB50.0 million (US$7.4 million), all of which is to be paid within one year.

In September 2016, we entered into a three-year bank credit facility with SHRB under which we could draw down up to RMB300.0 million by September 26, 2019. The interest rate for this credit facility was determined on the draw-down date. The weighted average interest rate for borrowings drawn under such credit facility was 7.5% per annum for FY 2018 and FY 2019. The credit facility is collateralized by future cash flows generated by rental service revenue of certain of our rental units. The three-year revolving bank credit facility matured in September 2019. As of September 30, 2020, we had an outstanding balance of RMB194.9 million (US$28.7 million), which was subject to an interest rate of 8.75% for the FY 2020. In July and November 2020, we entered into two bank borrowing extension agreements with SHRB, respectively, pursuant to which the bank extended the due date of one borrowing with the principal amount of RMB27.0 million (US$4.0 million) to January through March of 2022, and the due date of one borrowing with the principal amount of RMB132.0 million (US$19.4 million) to October 2021. In December 2020, we entered into two new bank borrowing agreements with SHRB, pursuant to which we borrowed RMB25.9 million (US$3.8 million) and RMB9.0 million (US$1.3 million), respectively. We used these two new bank borrowings to repay the outstanding bank borrowings.

Convertible Notes and Warrants

We entered into a convertible notes and warrant purchase agreement dated July 22, 2020, as amended on July 29, 2020, with Key Space (S) Pte Ltd, and a convertible notes and warrant purchase agreement dated July 22, 2020 with Veneto Holdings Ltd. (collectively, the Purchase Agreements") Pursuant to the Purchase Agreements, the convertible notes (the "Notes") will be convertible at their respective conversion prices, at the option of the holders, into the ADSs. The conversion price per ADS of each Note is equivalent to 120% of the 30-trading day volume-weighted average price ("VWAP") of the ADSs as of the issuance date of such Note or, if certain ADS offerings are conducted, 80% of the issue price of such ADS offerings, subject to adjustments upon the occurrence of certain specified dilutive events. A holder may convert its Notes at any time on and after the 41st day after the issue date and prior to the maturity date. A holder may require us to redeem its Note at the specified fundamental change repurchase price, which includes a premium, upon the occurrence of a fundamental change, including a change of control of us. We may require the holders to mandatorily convert their Notes upon the occurrence of a mandatory conversion event. The Notes have two series. Series 1 bears interest of 7.5% per annum payable in cash annually and another 7.5% per annum payable in cash on the maturity date or, in the event of a conversion, on the conversion date in ADSs calculated at the conversion price. Series 2 bears interest of 3.5% per annum payable in cash annually and another 13.5% per annum payable in cash on the maturity date or, in the event of a conversion, on the conversion date in ADSs calculated at the conversion price. In addition, we have issued and will issue to holders of the Notes warrants (the "Warrants") to subscribe to ADSs on the issuance date of the Notes and on each anniversary date of the Notes based on the principal amount of the Notes outstanding as of such anniversary date. Each of the Warrants expire five years after its respective issue date and has an exercise price equivalent to 110% of the VWAP of the ADSs over the 60 trading days preceding the date of issuance of each Warrant, subject to certain adjustments upon the occurrence of certain dilutive events.

On July 29, 2020, we issued series 1 and series 2 convertible notes in the aggregate principal amount of US$30.050 million at par (including US$14.009 million in aggregate principal amount of series 1 Notes and US$16.041 million in aggregate principal amount of series 2 Notes) and Warrants to purchase 104,871 ADSs in aggregate to these investors pursuant to the Purchase Agreements. For the Notes issued on July 29, 2020, the conversion price per ADS is US$11.2508 or, if certain ADS offerings are conducted, 80% of the issue price of such ADS offerings, subject to adjustments upon the occurrence of certain specified dilutive events. The Warrants issued on July 29, 2020 have an exercise price of US$11.4618 per ADS, subject to certain adjustments upon the occurrence of certain dilutive events.

We have also granted Key Space (S) Pte Ltd the option to subscribe to up to US$70 million in aggregate principal amount of additional 4-year series 1 or series 2 Notes at par within 24 months of July 29, 2020. From September 2020 to December 2020, we issued additional Notes in the aggregate principal amount of US$12.03 million at par (including US$3.573 million in aggregate principal amount of series 1 Notes and US$8.457 million in aggregate principal amount of series 2 Notes) and Warrants to purchase 67,696 ADSs to Key Space (S) Pte Ltd. For the Notes issued from September 2020 to December 2020, the conversion prices per ADS range from US$5.3833 to US$10.1003 or, if certain ADS offerings are conducted, 80% of the issue price of such ADS offerings, subject to adjustments upon the occurrence of certain specified dilutive events. The Warrants issued from September 2020 to December 2020 have an exercise price ranging from US$5.1676 to US$10.2214, subject to certain adjustments upon the occurrence of certain dilutive events.

The Purchase Agreements also provide certain holders of registrable securities with certain registration rights upon request in certain cases. At any time after the fourth anniversary of November 6, 2019, holders holding at least 10% or more of the issued and outstanding registrable securities (on an as-converted basis) may request in writing that we effect a registration of registrable securities on any internationally recognized exchange that is reasonably acceptable to such requesting holders. If we qualify for registration on Form F-3 or Form S-3 (or any comparable form for registration in a jurisdiction other than the United States), any holder may request us to file, in any jurisdiction in which we have had a registered underwritten public offering, a registration statement on Form F-3 or Form S-3 (or any comparable form for registration in a jurisdiction other than the United States), including without limitation any registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or a delayed basis by the holders of, all of the registrable securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the Commission, provided we shall be obligated to effect no more than one registrations that have been declared and ordered effective within any 12-month period. If we propose to register for our own account any of our equity securities, or for the account of any holder (other than current shareholders) of equity securities any of such holder's equity securities, we shall promptly give each holder written notice of such registration and, upon the written request of any holder given within fifteen days after delivery of such notice, we shall use our best efforts to include in such registration any registrable securities thereby requested to be registered by such holder, and we shall not grant to any other Note holders any similar rights superior to those of the Note holders, except with the consent of the Note holders. We will bear all registration expenses, other than underwriting discounts and selling commissions, incurred in connection with any demand, F-3 or piggyback registration. These registration rights shall terminate on the later of (a) the fifth anniversary of November 6, 2019, and (b) with respect to any holder, the date on which such holder holds less than 1% of our equity securities and all registrable securities may be sold under Rule 144 of the Securities Act in any 90-day period.

On February 8, 2021, after the occurrence of a fundamental change pursuant to the Notes, the holders of the Notes waived the right to require us to repurchase for cash all of the outstanding principal amount of the Note or any portion thereof pursuant to the Purchase Agreements, and confirmed that they had not initiated and would not initiate any repurchase of the Note due to the fundamental change event caused by the change of control on January 28, 2021.

Capital Expenditures

Our capital expenditures were primarily in connection with renovation of our leased-in apartments and procurement of technology, information and operational software and hardware. Our capital expenditures totaled RMB1,000.4 million, RMB172.1 million and RMB138.7 million (US$20.4 million) in FY 2018, FY 2019 and FY 2020, respectively. We will continue to make capital expenditures to meet the expected growth of our business.

Impact of Recently Issued Accounting Standards

A list of recently issued accounting pronouncements that are relevant to us is included in note 2 "Summary of Principal Accounting Policies—Recent accounting pronouncements" to our consolidated financial statements included elsewhere in this annual report.

Holding Company Structure

We are a holding company with no material operations of our own. We conduct our operations primarily through our subsidiary, VIE and VIE's subsidiaries in the PRC. In utilizing the proceeds from the initial public offering, as an offshore holding company, we are permitted, under PRC laws and regulations, to provide funding to our PRC subsidiaries only through loans or capital contributions. Subject to satisfaction of applicable government registration and approval requirements, we may extend inter-company loans to our PRC subsidiaries or make additional capital contributions to our PRC subsidiaries to fund their capital expenditures or working capital. For an increase in the registered capital of any of our PRC subsidiaries, we need to complete certain filing and/or registration procedures with competent authorities, which typically take us one or two months. Some local authorities in the PRC require prior approval before such procedures, according to which we shall file requested documents related to the proposed capital increased on the online integrated registration system. If we provide funding to any of our PRC subsidiaries through loans, the total amount of such loans may not exceed the difference between the total investment as approved by the foreign investment authorities and the registered capital of such PRC subsidiary. Such loans should be registered with the SAFE which usually takes no more than 20 working days to complete. The cost of obtaining such approvals or completing such registration is minimal. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See "Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds we receive from our offshore financing activities to make loans to or make additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

As a holding company, we rely upon dividends paid to us by our subsidiaries in the PRC to pay dividends and to finance any debt we may incur. If our subsidiaries or other consolidated entities or any newly formed subsidiaries or other consolidated entities incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our subsidiaries and other consolidated entities are permitted to pay dividends to us only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Pursuant to laws applicable to entities incorporated in the PRC, each of our subsidiaries and other consolidated entities in the PRC must make appropriations from after tax profit to a statutory surplus reserve fund. The reserve fund requires annual appropriation of 10% of after tax profit (as determined under accounting principles generally accepted in the PRC at each year-end) after offsetting accumulated losses from prior years, until such reserve reaches 50% of the subsidiary's registered capital. The reserve fund can only be used to increase the registered capital and eliminate further losses of the respective companies under PRC regulations. As of September 30, 2018, 2019 and 2020, we did not incur statutory reserves of our PRC subsidiaries and other consolidated entities as we incurred net loss in FY 2018, FY 2019 and FY 2020. These reserves are not distributable as cash dividends, loans or advances. In addition, due to restrictions under PRC laws and regulations, our PRC subsidiaries and other consolidated entities are restricted in their ability to transfer their net assets to us in the form of dividend payments, loans or advances. Amounts of net assets restricted include paid-up capital and statutory reserve funds of our PRC subsidiaries amounted to RMB942.4 million, RMB1,332.2 million, and RMB930.5 million (US$137.1 million) as of September 30, 2018, 2019 and 2020, respectively.

Furthermore, under regulations of the SAFE, the RMB is not convertible into foreign currencies for capital account items, such as loans, repatriation of investments and investments outside of China, unless the prior approval of the SAFE is obtained and prior registration with the SAFE is made.

C. Research and Development, Patents, and Licenses, etc.

See "Item 4. Information on the Company — B. Business Overview — Technology Systems and Infrastructure," "Item 4. Information on the Company — B. Business Overview — Risk Management," and "Item 4. Information on the Company — B. Business Overview — Intellectual Property."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for FY 2020 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

E. Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of September 30, 2020:

	Payment due by period				
	Total	Less than 1 year	1-2 years	3-5 years	More than 5 years
	(in RMB thousands)				
Operating lease obligations[1]	4,758,199	1,028,730	909,053	1,973,579	846,837
Long-term debt[2]	381,922	159,721	194,170	25,163	2,868
Short-term debt[2]	400,580	400,580	—	—	—
Rental installment loans[3]	54,505	54,505	—	—	—
Capital lease and other financing arrangement payable[4]	444,554	201,835	100,599	142,120	—

(1) related to the lease agreements we have entered into for properties which we operate
(2) excluding interests to be paid
(3) see note 2 of our consolidated financial statements included elsewhere in this annual report
(4) see notes 2 and 6 of our consolidated financial statements included elsewhere in this annual report

In early 2020, we started to expand our business to Sichuan and Chongqing by acquiring lease contracts with landlords and tenants and related fixtures and equipment for approximately 47,000 rental units in Sichuan and Chongqing from another rental service company. Pursuant to the agreement with this rental service company, we were required to pay a consideration of RMB580.0 million, consisting of cash and our Class A ordinary shares, subject to adjustments based on the quality of the assets according to the agreements, to this rental service company by the end of 2020. However, given the closing conditions were not fulfilled by September 30, 2020, this acquisition has been terminated in substance pursuant to the agreement. We did not pay any consideration, and the deposit of RMB200.0 million we paid in January 2020 was fully returned to us. We have agreed to pay back the RMB8.0 million (US$1.2 million) that this rental service company paid us before the termination of this acquisition. Furthermore, in July 2020, to replenish and expand our rental units portfolio, one of our subsidiaries entered into agreements with a rental service company and its affiliates to acquire lease contracts with landlords and tenants and related fixtures, equipment and other assets for approximately 72,200 rental units in various cities across China at a total consideration of US$130 million, less certain liabilities to be assumed by us. We have paid US$5.8 million to the transferor to settle the first installment of the consideration as of the date of this annual report. The remaining consideration for the acquisition, which consists of US$23.2 million in cash and 128.6 million Class A ordinary shares, subject to adjustments based on terms and conditions set forth in the agreements, will be payable in installments upon reaching certain milestones linked to the transfer of lease contracts and other related assets. We will also issue, in installments, to a third-party contractor that manages the rental units as previously announced, up to 99.6 million Class A ordinary shares, subject to certain performance indicators and other terms and conditions set forth in the agreement.

G. Safe Harbor

See “Forward-Looking Statements” in this annual report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Chengcai Qu	39	Chairman of the board of directors, chief executive officer, chief operating officer and vice president
Gang Xie	48	Director, chief technology officer
Lin Lin	48	Director
Bing Xiao	52	Director
Chen Chen	40	Independent director
Lin Zhou	61	Independent director
Zhichen (Frank) Sun	38	Chief Financial Officer

Mr. Chengcai Qu has been the chairman of our board of directors and chief executive officer since January 2021, our chief operating officer since June 2020, our director since March 2020, and our vice president since 2014. Prior to joining Qingke, Mr. Qu was a director of the office of public relations at Antai School of Economics and Management of Shanghai Jiao Tong University from November 2006 to November 2013. From June 2004 to October 2006, Mr. Qu was a newspaper reporter specializing in business and management. Mr. Qu received a bachelor’s degree in literature from Shanghai University of Finance and Economics in 2004, and a master’s degree in business administration from Shanghai Jiao Tong University in 2013.

Mr. Gang Xie has been our director and chief technology officer since our inception in 2012. Mr. Xie is also a director of Shanghai Liangzhouban Decoration Co., Ltd. and Shanghai Ziniu Property Management Co., Ltd. Prior to joining our company, he was a platform research and development manager of Shanghai Koss Software Co., Ltd from August 2008 to December 2011. From December 2007 to June 2008, he was a project manager at the mobile phone division of Ping An Insurance (Group) Corporation of China. From February 2005 to November 2007, he was a senior manager and technology director of Handlink Ltd. From September 2000 to January 2005, he was a system architect and project manager of Shanghai Insk Computer Co., Ltd. From August 1995 to August 2000, he was an engineer and project leader of Shanghai Electronic Technology Co., Ltd. Mr. Xie received his bachelor’s degree in engineering in 1995 from Shanghai University of Science and Technology.

Mr. Lin Lin has been our director since 2018. Mr. Lin currently also serves as the managing partner of Crescent Point. From 2005 to 2018, Mr. Lin was a director at the China Investment Banking Division of Credit Suisse. Prior to that, Mr. Lin was an associate at the Investment Banking Division of Morgan Stanley from 2000 to 2004 and a senior associate at Ernst & Young from 1995 to 1998. Mr. Lin received his bachelor’s degree in accounting from Illinois State University in 1995 and his master’s degree in business administration from the University of Chicago in 1999.

Mr. Bing Xiao has been our director since 2015. Mr. Xiao is also the president of Shenzhen Dachen Caizhi Fortune Venture Capital. From 1995 to 2002, Mr. Xiao was a vice general manager at China Travel Service (Holdings) Hong Kong Limited. From 1990 to 1992, Mr. Xiao worked at the industrial division of the planning committee of Hunan Province. Mr. Xiao received his master’s degree in finance from Jinan University in 1995 and his bachelor’s degree in planning from Renmin University of China in 1990.

Mr. Chen Chen has been our independent director since November 2019. Mr. Chen has served as chief financial officer of Yunji Inc. since May 2018. Mr. Chen has more than 16 years of comprehensive experience in audit and consulting services. Prior to joining Yunji, Mr. Chen was a partner at Deloitte, and had been working in Deloitte since July 2002. Mr. Chen is a member of the Association of International Certified Professional Accountants (AICPA) and China Institute of Certified Public Accountants (CICPA). Mr. Chen received his bachelor's degree from Shanghai Jiao Tong University in 2002.

Mr. Lin Zhou has been our independent director since November 2019. Mr. Zhou is the university chair professor of Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University since August 2018. Prior to that, Mr. Zhou served as the dean and professor of Antai College of Economics and Management of Shanghai Jiao Tong University from April 2010 to July 2018, a founding deputy director and professor of Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University from September 2008 to April 2010, a WP Carey professor of economics of WP Carey School of Business of Arizona State University from September 2001 to August 2010, an associate professor of department of economics of Duke University from September 1996 to August 2001, and an assistant/associate professor of department of economics of Yale University from September 1989 to August 1996. Mr. Zhou received his PhD in economics from Princeton University in June 1989 and his bachelor's degree in mathematics from Fudan University in August 1982.

Mr. Zhichen (Frank) Sun has been our chief financial officer since January 2020. He served as our financial director from April 2017 to January 2020. Prior to joining our company, Mr. Sun was an audit senior manager of Ernst & Young LLP, Shanghai office from January 2016 to April 2017. From January 2011 to December 2015, he was an audit manager of Deloitte LLP, Calgary office. From July 2005 to December 2010, he was successively a senior auditor and an audit manager of Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shanghai office. Mr. Sun received his bachelor's degree in Japanese language and literature from Shanghai International Studies University in 2005. Mr. Sun holds CPA designations in China and Canada.

B. Compensation

For FY 2020, we paid an aggregate of approximately RMB2.8 million (US$0.4 million) in cash to our directors and executive officers. Except as disclosed in this annual report, we have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiary and our variable interest entity are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. If the executive officer otherwise fails to perform agreed duties, we may terminate employment upon 30-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. The executive officer may resign at any time upon mutual agreement or 30-day advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us upon our request.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for two years following the last date of employment. Specifically, each executive officer has agreed not to (i) engage directly or indirectly in any business, including his or her own business, related to the development, operation or sales of any same or similar technologies or products, whether as employee, consultant or otherwise; (ii) approach directly or indirectly our clients or customers for the purpose of doing business of the same or a similar nature to our business with such persons or entities that will harm our business relationships with these persons or entities or for purposes of making such persons or entities limit or terminate their business relationship with us; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us.

We have entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we may agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Stock Options and RSUs

Yijia Inc., which is wholly owned by High Gate Holdings Ltd., holds shares underlying our share-based awards for persons who contribute to the success of our operations. As of the date of this annual report, we issued 86.0 million ordinary shares to Yijia Inc., which are reserved for share-based awards we have granted, or may grant in the future. As of the date of this annual report, 41.75 million share options are issued and outstanding.

In addition, in September 2019, our board of directors approved our 2019 share incentive plan, or the 2019 Plan, to provide incentives to employees, officers, directors and consultants and promote the success of our business.

Stock Options A

In August 2014, April 2016 and October 2016, we granted an aggregate number of 26.86 million share options to certain of our management, employees and non-employees ("Stock Options A"), 16.26 million of which had been forfeited as of the date of this annual report. The remaining Stock Options A are exercisable into 10.60 million Class B ordinary shares. The exercise price of Stock Options A is RMB2.0 per ordinary share. Stock Options A vest 50% on the first and second calendar year after the year of our initial public offering. All grantees of Stock Options A are restricted from transferring more than 25% of their total converted ordinary shares each year after the exercise date.

Stock Options B

In July 2017, we granted 43.14 million share options to our management and employees ("Stock Options B"), 11.99 million of which had been forfeited as of the date of this annual report. The remaining Stock Options B are exercisable into 31.15 million Class A ordinary shares. The exercise price of Stock Options B is RMB2.0 per ordinary share. Stock Options B vested immediately upon the grant date. All grantees of Stock Options B are restricted from transferring their converted ordinary shares after certain periods subsequent to the date of our initial public offering. If the grantee of Stock Options B resigned from our company before the restricted period lapses, we have the right to repurchase the Stock Options B or ordinary shares at RMB2.0 per Stock Option B or ordinary share.

The following table summarizes, as of the date of this annual report, the outstanding Stock Options A and Stock Options B granted to our directors, officers and other grantees.

Name	Ordinary Shares Underlying Award Granted	Exercise Price (per share)	Date of Grant	Date of Expiration
Chengcai Qu	*	RMB2.0	July 31, 2017	December 31, 2025
Gang Xie	*	RMB2.0	August 31, 2014	August 30, 2024
Zhichen (Frank) Sun	*	RMB2.0	July 31, 2017	December 31, 2025
Other	31,750,000	RMB2.0	from August 31, 2014 to July 31, 2017	from August 30, 2024 to December 31, 2025
Total	41,750,000			

* Less than 1% of our total outstanding shares.

RSUs

As of the date of this annual report, no RSU is outstanding.

2019 Share Incentive Plan

The 2019 Plan became effective immediately upon the completion of our initial public offering. The maximum number of shares that may be issued under the 2019 Plan is 10% of the total outstanding shares as of the date of the consummation of our initial public offering. We have not granted any awards under the 2019 Plan as of the date of this annual report.

The following paragraphs describe the principal terms of our share incentive plan:

Plan Administration. Our board of directors or a committee of one or more members of our board of directors (the "Committee") will administer the 2019 Plan. The Committee will determine the participants to receive awards, the nature and the amount of each award to be granted to each participant, and the terms and conditions of each award grant.

Type of Awards. The 2019 Plan permits the awards of options, restricted shares, restricted share units or any other type of awards that the Committee decides.

Award Agreement. Awards granted under the 2019 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event of the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to employees, consultants, and directors, as determined by the Committee.

Vesting Schedule. In general, the Committee determines the vesting schedule, which is specified in the relevant award agreement. Unless otherwise specified in the 2019 Plan, the term of any award granted under the 2019 Plan shall not exceed ten (10) years.

Exercise of Options. Subject to any specific designation in the 2019 Plan, the Committee determines the exercise price for each award, which is stated in the relevant award agreement. Unless otherwise specified in the 2019 Plan, the maximum exercisable term of options is ten years from the date of a grant.

Transfer *Restrictions*. Awards may not be transferred in any manner by the recipient except as otherwise provided in the 2019 Plan, by applicable law and by relevant award agreement.

Termination and Amendment. Unless terminated earlier, the 2019 Plan has a term of ten years. Subject to any specific designation in the 2019 Plan, our board of directors has the authority to amend or terminate the 2019 Plan; provided, however, that any amendment or modification of the maximum number of shares that may be issued under the 2019 Plan shall be determined by at least two-thirds of votes cast by directors in a duly constituted meeting (which, for this purpose, shall include all independent directors to be quorate), including affirmative votes from all independent directors. However, no such action may adversely affect in any material way any awards previously granted unless agreed by the recipient, unless otherwise specified in the 2019 Plan.

C. Board Practices

Our board of directors consists of six (6) directors. A director is not required to hold any shares in our company to qualify to serve as a director. A director may vote with respect to any contract, proposed contract or arrangement notwithstanding that he may be interested therein, and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of our directors at which any such contract or proposed contract or arrangement is considered, provided (a) such director, if his interest (whether direct or indirect) in such contract or arrangement is material, has declared the nature of his interest at the earliest meeting of the board at which it is practicable for him to do so, either specifically or by way of a general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of the company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whenever money is borrowed or as security for any debt, liability or obligation of the company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Chen Chen and Lin Zhou. Chen Chen is the chairman of our audit committee. We have determined that each of Chen Chen and Lin Zhou satisfies the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the NASDAQ and Rule 10A-3 under the Securities Exchange Act of 1934, as amended. We have determined that Chen Chen qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of Chengcai Qu and Gang Xie. Chengcai Qu is the chairman of our compensation committee. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other advisers only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Chengcai Qu and Gang Xie. Chengcai Qu is the chairman of our nominating and corporate governance committee. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and

- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. A director must exercise the skill and care of a reasonably diligent person having both – (a) the general knowledge, skill and experience that may reasonably be expected of a person in the same position (an objective test), and (b) if greater, the general knowledge, skill and experience that that director actually possesses (a subjective test). In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. Our company has the right to seek damages if a duty owed by our directors is breached. A shareholder may in certain limited exceptional circumstances have the right to seek damages in our name if a duty owed by the directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our register of members.

Terms of Directors and Officers

The number of directors shall not be less than three (3). No person may be nominated for, or appointed as, a director, nor removed from any such appointment as a director, unless such nomination, appointment or removal has been approved by our nominating and corporate governance committee prior to such nomination, appointment or removal.

Generally, (i) any person appointed as a director as of the closing date of our IPO shall hold office for a period of three (3) years from the closing date of our initial public offering, or such other term as may be approved in the resolution appointing them; and (ii) any person appointed as a director after the closing date of our IPO shall hold office for a period of three (3) years from the date of such appointment, or such other term as may be approved in the resolution appointing them. Each director shall hold office until the expiration of his term, or his resignation, removal or retirement from our board of directors, or his disqualification as a director.

A retiring director shall be eligible for re-election from the date commencing six (6) months prior to the date of expiry of his term of office, and shall continue to act as a director throughout the meeting at which his re-election is considered. Where the retirement of any director would cause the number of directors to fall below the minimum number required pursuant to our amended and restated articles of association, then such director shall continue to act as a director until the appointment of such additional director(s) as would not result in the director's retirement causing the number of directors to fall below the minimum number required pursuant to our amended and restated articles of association, at which time they shall retire.

Subject to our amended and restated articles of association and the applicable Law, the shareholders may by ordinary resolution elect any person to be a director either to fill a casual vacancy or as an addition to the existing board of directors. In addition, the directors shall have the power from time to time and at any time, by the affirmative vote of a majority of the directors present and voting at a meeting of our board of directors, to appoint any person as a director to fill a casual vacancy on our board of directors or as an addition to the existing board of directors.

No director shall be required to hold any shares of our company by way of qualification and a director who is not a shareholder shall be entitled to receive notice of and to attend and speak at any general meeting of our company and of all classes of shares of our company.

Subject to any provision to the contrary in our amended and restated memorandum and articles of association, a director may, at any time before the expiration of his or her period of office (notwithstanding anything in our amended and restated memorandum and articles of association or in any agreement between our company and such director (but without prejudice to any claim for damages under any such agreement)) be removed by way of either (a) a special resolution of the shareholders; or (b) the affirmative vote of two-thirds of the other directors present and voting at a board meeting; or (c) a resolution in writing (which complies with the requirements of the provisos contained in article 119 of our amended and restated memorandum and articles of association) signed by all the directors other than the director being removed.

The office of a director shall be vacated if the director (a) resigns his or her office by notice delivered to our company at the office or tendered at a meeting of our board of directors, or (b) becomes of unsound mind or dies, or (c) without special leave of absence from our board of directors, is absent from meetings of our board of directors for three (3) consecutive times, unless our board of directors resolves that his or her office not be vacated, or (d) becomes bankrupt or has a receiving order made against him or her or suspends payment or compounds with his or her creditors, or (e) is prohibited by law from being a director, or (f) ceases to be a director by virtue of any provision of the statutes or is removed from office pursuant to our amended and restated memorandum and articles of association, or (g) for any director that is not an independent director, without special leave of absence from our board of directors, is absent from more than fifty per cent (50%) of our weekly management meetings in any financial year, unless our board of directors resolves that his or her office not be vacated; or (h) for any director that is not an independent director, without special leave of absence from our board of directors, is present at the premises of our company, or any of our subsidiaries, for less than 60 business days in any financial year, unless our board of directors resolves that his or her office not be vacated.

Each director shall use his or her best efforts to attend all meetings of our board of directors. Any director may at any time appoint another director to be his or her alternate director. Any such appointment shall be in respect of a specific meeting of directors only and such appointment shall automatically cease upon termination of such meeting. An alternate director may also be removed as an alternate director at any time by the director who appoints him or her.

D. Employees

As of September 30, 2018, 2019 and 2020, we had 1,222, 775 and 248 employees, respectively. Substantially all of our employees are based in China. The table below shows the number of our employees by function as of September 30, 2020.

Function	Number of Employees
Sourcing	34
Apartment leasing, tenant relations and property maintenance*	46
Research and development	53
Other	115
Total	248

* Including 46 employees who were apartment managers. In addition to our own employees, we had 1,976 apartment managers from our outside contractors as of September 30, 2020.

The number of employees decreased from 775 as of September 30, 2019 to 248 as of September 30, 2020 mainly attributable to (i) the decrease of apartment managers as we optimized our labor efficiency and a decrease in the number of rental units that need to be managed during FY 2020 and (ii) the decrease in the number of employees in the research and development team as we optimized our research and development system and improved the efficiency.

We have a well-trained and motivated workforce, and an effective training program to develop our operations and management staff to manage its rapidly expanding apartment network. Our Qingke College, together with regional management teams, offers structured training programs for sales, sourcing, and corporate staff. Our apartment sourcing team and sales staff are required to attend a three-day new-hire training program offered by our Qingke College covering topics such as Qingke corporate culture, sales and marketing, Qingke office software skills, sourcing skills, tenant service, and apartment operation standards. Our managers also attend team management, financial, and human resource management courses. In FY 2020, our operations and management staff on average received approximately 60 and 30 hours of training, respectively.

We have a comprehensive review and incentive system that aligns performance and compensation as well as internal promotions, which also enable us to motivate and retain our workforce. For example, a substantial portion of sourcing and sales staff's salary is based on their performance. In addition, at the end of each month, employees whose performance ranks bottom 20% will be required to attend compulsory trainings, half of whom may be discharged if their performance does not fulfil the requirements of their positions after such trainings.

E. Share Ownership

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of the date of this annual report by:

- each of our directors and executive officers; and
- each person known to us to beneficially own more than 5% of our total outstanding ordinary shares.

We have adopted a dual class ordinary share structure. The calculations in the table below are based on 1,436,010,850 ordinary shares outstanding as of the date of this annual report, consisting of 1,255,621,301 Class A ordinary shares and 180,389,549 Class B ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days of the date of this annual report, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Class A ordinary shares		Class B Ordinary Shares		Total ordinary shares on an as-converted basis		Aggregate voting power***
	Number	%	Number	%	Number	%	%
Directors and Executive Officers:**							
Chengcai Qu	*	*	—	—	*	*	*
Gang Xie	—	—	—	—	—	—	—
Lin Lin	—	—	—	—	—	—	—
Bing Xiao	—	—	—	—	—	—	—
Chen Chen	—	—	—	—	—	—	—
Lin Zhou	—	—	—	—	—	—	—
Zhichen (Frank) Sun	*	*	—	—	*	*	*
All Directors and Executive Officers as a Group	10,000,000	0.8%	—	—	10,000,000	0.7%	0.3%
Principal Shareholders:							
Yijia Inc.(1)	—	—	180,389,549	100.0%	180,389,549	12.6%	59.0%
Crescent Capital Investments Ltd. and its affiliated entities(2)	433,814,924	31.6%	—	—	433,814,924	27.9%	13.6%
Newsion One Inc. and Newsion Two Inc.(3)	125,361,929	10.0%	—	—	125,361,929	8.7%	4.1%
North Haven Private Equity Asia Harbor Company Limited(4)	120,000,000	9.6%	—	—	120,000,000	8.4%	3.9%
SAIF IV Consumer (BVI) Limited(5)	120,000,000	9.6%	—	—	120,000,000	8.4%	3.9%
Bill.Com Inc.(6)	112,300,000	8.9%	—	—	112,300,000	7.8%	3.7%
Great Global Ventures Ltd(7)	96,491,652	7.7%	—	—	96,491,652	6.7%	3.2%

* Less than 1% of our total outstanding shares.

** Except as indicated otherwise below, the business address of our directors and executive officers is Suite 1607, Building A, No.596 Middle Longhua Road, Xuhui District, Shanghai, 200032, People's Republic of China.

*** For each person or group included in this column, percentage of total voting power represents voting power based on both Class A and Class B ordinary shares held by such person or group with respect to all outstanding shares of our Class A and Class B ordinary shares as a single class and on an as-converted basis. Each Class A ordinary shares is entitled to one vote per share. Each Class B ordinary share is entitled to ten (10) votes per share. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis.

(1) Represents 180,389,549 Class B ordinary shares held by Yijia Inc., a British Virgin Islands company. According to the Schedule 13D filed by, among others, High Gate Investments Ltd. dated January 28, 2021, Yijia Inc. is a wholly-owned subsidiary of High Gate Investments Ltd., a Cayman Island company, which is in turn wholly owned by High Gate Holdings Ltd., a Cayman Islands company. High Gate Holdings Ltd. is wholly owned by Edmund Koon Kay Tang. On January 28, 2021, all outstanding share capital of Yijia Inc. was transferred from an affiliate of Mr. Guangjie Jin to High Gate Investment Ltd. Upon completion of this transfer, High Gate Investment Ltd. beneficially owns 180,389,549 Class B ordinary shares, representing 59.0% of our aggregating voting power. Information with respect to Yijia Inc., High Gate Investments Ltd. and High Gate Holdings Ltd. and relevant beneficial ownership information is derived from the Schedule 13D filed by, among others, High Gate Investments Ltd. dated February 2, 2021.

(2) Represents (i) 314,539,304 Class A ordinary shares held by CP QK Singapore Pte Ltd., a Singapore company, (ii) 114,855,780 Class A ordinary shares represented by 3,828,526 ADSs issuable upon the conversion of our series 1 and series 2 convertible notes held by Key Space (S) Pte Ltd., a Singapore company, excluding any accrued interest, and (iii) 4,419,840 Class A ordinary shares represented by 147,328 ADSs issuable upon the exercise of warrants granted to Key Space (S) Pte Ltd. The majority of CP QK Singapore Pte Ltd.'s voting power is held by Crescent Green Investments Ltd. All of the voting power of Crescent Green Investments Ltd. is held by Crescent Capital Investments Ltd. The majority of Crescent Capital Investments Ltd.'s voting power is held by CRESCENT GP LTD. The majority of CRESCENT GP LTD.'s voting power is held by David McKee Hand. All of the voting power of Key Space (S) Pte Ltd. is held by Crescent Capital Investments Ltd. The information set forth in this footnote is derived from the Schedule 13D filed by Crescent Capital Investments Ltd., among others, on February 16, 2021.

(3) Represents (i) 76,471,510 Class A ordinary shares held by Newsion One Inc., a British Virgin Islands company, among which 30,000,000 Class A ordinary shares were represented by ADSs, and (ii) 48,890,419 Class A ordinary shares held by Newsion Two Inc., a British Virgin Islands company, among which 30,000,000 Class A ordinary shares were represented by ADSs, according to the Schedule 13G filed by, among others, Youyang Li dated February 14, 2020. Newsion One Inc. and Newsion Two Inc. are wholly owned by Youyang Li.

(4) Represents 120,000,000 Class A ordinary shares held by North Haven Private Equity Asia Harbor Company Limited, a Cayman Islands company, as reported in the Schedule 13G filed by Morgan Stanley, among others, on February 12, 2020, which is ultimately controlled by Morgan Stanley, a Delaware company listed on New York Stock Exchange.

(5) Represents 120,000,000 Class A ordinary shares held by SAIF IV Consumer (BVI) Limited, a British Virgin Islands company. SAIF IV Consumer (BVI) Limited is wholly owned by SAIF Partners IV L.P. which is registered in Cayman Islands. The general partner of SAIF Partners IV L.P. is SAIF IV GP, L.P. The general partner of SAIF IV GP, L.P. is SAIF IV GP Capital Ltd. Andrew Y. Yan is the sole shareholder of SAIF IV GP Capital Ltd. The information set forth in this footnote is derived from the Schedule 13G filed by SAIF IV Consumer (BVI) Limited, among others, on March 2, 2020.

(6) Represents 112,300,000 Class A ordinary shares held by Bill.Com Inc., a British Virgin Islands company. Guangjie Jin, our founder and former chief executive officer, is the sole shareholder of Bill.Com Inc. All Class B ordinary shares held by Bill.Com Inc. were converted on a one-for-one basis into Class A ordinary shares in 2020. Certain information set forth in this footnote is derived from the amendment No. 1 to the Schedule 13G filed by Guangjie Jin, among others, on February 16, 2021.

(7) Represents 96,491,652 Class A ordinary shares held by Great Global Ventures Ltd, a British Virgin Islands company.

To our knowledge, 385,088,850 Class A ordinary shares, representing approximately 26.8% of our total outstanding ordinary shares, were held by one record shareholder with registered addresses in the United States, our depositary. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to "Item 6. Directors, Senior Management and Employees — E. Share Ownership."

B. Related Party Transactions

Contractual Arrangements with the VIE and Its Shareholders

PRC laws and regulations currently restrict foreign ownership and investment in value added telecommunications services in China. As a result, we currently conduct our value-added telecommunication services business through Q&K E-Commerce, our variable interest entity, based on a series of contractual arrangements. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure —Contractual Arrangements with the VIE and its Shareholders."

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Employment Agreements and Indemnification Agreements."

Share Incentives

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Stock Options and RSUs."

Convertible Notes and Warrants

We have issued convertible notes and warrants to Key Space (S) Pte Ltd., an entity controlled by certain shareholder of us. In July and September 2020, we issued convertible notes in exchange for cash of US$22.8 million and US$1.2 million, respectively, to Key Space (S) Pte Ltd. In FY 2020, we accrued interest expenses of RMB4.4 million (US$0.6 million) on the convertible notes. In October and December 2020, we issued convertible notes in exchange for cash of US$7.12 million and US$3.71 million, respectively, to Key Space (S) Pte Ltd. See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Convertible Notes and Warrants."

Transactions with Shanghai Laiguan Property Management Co., Ltd. ("Shanghai Laiguan")

Shanghai Laiguan is an entity controlled by certain shareholders of us. We purchased the labor outsourcing service of RMB25.1 million (US$3.7 million) in FY 2020 from Shanghai Laiguan to outsource our apartment management service.

As of September 30, 2020, we had RMB0.9 million (US$0.1 million) due to Shanghai Laiguan.

Transactions with Shanghai Qingji Property Management Co., Ltd.

Shanghai Qingji Property Management Co., Ltd. is an entity controlled by certain shareholders of us. We purchased the labor outsourcing service of RMB22.4 million (US$3.3 million) in FY 2020 from Shanghai Qingji Property Management Co., Ltd. to outsource our apartment management service.

As of September 30, 2020, we had RMB1.5 million (US$0.2 million) due to Shanghai Qingji Property Management Co., Ltd.

Transactions with Shanghai Yijia Property Management Co., Ltd. ("Yijia Property")

Yijia Property is an entity controlled by certain shareholders of us. As of September 30, 2020, we had RMB4.2 million (US$0.6 million) due to Yijia Property. Such amounts represented utility fees Yijia Property paid for us.

Transactions with Shanghai Youzhen Information Technology Co., Ltd. ("Youzhen")

Youzhen is an entity controlled by the parents of our founder and former chief executive officer. As of September 30, 2020, we had RMB0.1 million (US$0.0 million) due from Youzhen.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

We have been, and may from time to time be, subject to various legal or administrative claims and proceedings arising in the ordinary course of business or otherwise. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

As of December 31, 2020, we were involved in 32 ongoing legal proceedings, most of which were initiated by our suppliers. The amount of the claims arising from these ongoing legal proceedings were RMB95.0 million (US$14.0 million) in aggregate. 12 of these legal proceedings have claims over RMB1.0 million (US$0.1 million). In particular, one of our suppliers, Shanghai Greenland Construction (Group) Co. Ltd., or Shanghai Greenland, filed a lawsuit against one of our subsidiary, alleging that we should pay Shanghai Greenland the construction fee and other related expenses and fees for the construction of our research and development center in Suzhou pursuant to a construction contract entered into by Shanghai Greenland and us. The amount of the construction fee and other related expenses and fees is approximately RMB58.0 million (US$8.5 million), which has been accounted for in the consolidated financial statements for FY 2020. As of the date of this annual report, this litigation is still ongoing.

In addition, in 2020, due to the COVID-19 pandemic, we terminated certain leases with landlords before the end of the original lease terms by sending landlords short messages indicating that the leases would be terminated on the specified dates and we would not assume any liability for the early termination of the leases. We had disputes with some of these landlords. Some landlords filed lawsuits against us for compensation aggregating RMB5.2 million (US$0.8 million), under which we estimated that we are exposed to the compensation of RMB5.2 million (US$0.8 million) and recorded the contingent liability in our balance sheet as of September 30, 2020. Certain landlords had expressed their objection to our early termination of leases but did not file lawsuits against us. These landlords had rights to file lawsuits against us within three years from the date of our early termination notice, for a maximum compensation of RMB51.9 million (US$7.6 million). This amount is equivalent to three months' rents of these leases, based on relevant trial guidance issued by the high people's courts in the PRC as advised by our PRC legal counsel, JunHe LLP. The actual compensation amount will be negotiated with each landlord and we did not accrue the contingent liability in our balance sheet as of September 30, 2020. As of the date of this annual report, a majority of these landlords have expressed their consents to the early termination of leases as set forth in the short messages, or have not raised any objection to the early termination of leases. As advised by our PRC legal counsel, JunHe LLP, pursuant to the PRC laws, the landlords may file lawsuits against us for the early termination of leases with the courts within three months from the date of our early termination notice, otherwise their claims will not be supported by the courts. These disputes, legal proceedings and potential legal proceedings has materially and adversely affected, and may continue materially and adversely affecting, our financial condition, business and reputation.

Dividend Policy

Our board of directors has discretion on whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We do not have any plan to pay any cash dividends on our ordinary shares in the foreseeable future and intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiary to pay dividends to us. See "Item 4. Information on the Company — B. Business Overview — Regulations — Regulations Relating to Dividend Distribution" and "Item 10. Additional Information — E. Taxation — People's Republic of China Taxation."

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying our ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to our ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Item 12. Description of Securities Other Than Equity Securities — D. American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

Our ADSs, each representing 30 of our Class A ordinary shares, have been listed on the NASDAQ Global Market since November 5, 2019. Our ADSs trade under the symbol "QK." In FY 2018, FY 2019 and FY 2020, no significant trading suspensions occurred.

B. Plan of Distribution

Not applicable.

C. Markets

The principal trading market for our ADSs is the NASDAQ Global Market.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are a Cayman Islands exempted company with limited liability and our corporate affairs are governed by our amended and restated memorandum and articles of association, as amended from time to time and the Companies Law of the Cayman Islands, and the common law of the Cayman Islands.

The following are summaries of material provisions of our amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our Class A and Class B ordinary shares.

Objects of Our Company

Under our amended and restated memorandum of association, the objects for which our company is established are unrestricted and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

Ordinary Shares

General. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Our ordinary shares are issued in registered form and are issued when registered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time at the option of the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder to any person or entity which is not an affiliate of such holder, such Class B ordinary shares shall be automatically and immediately converted into the equivalent number of Class A ordinary shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. Our amended and restated articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Voting Rights. Holders of our ordinary shares have the right to receive notice of, attend, speak and vote at general meetings of our company. Except as required by applicable law and subject to the amended and restated memorandum and articles of association, holders of Class A ordinary shares and Class B ordinary shares shall at all times vote together as one class on all matters submitted to a vote of the shareholders.

At any general meeting on a poll, every shareholder holding Class A ordinary shares present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorized representative shall have one (1) vote for every fully paid Class A ordinary share of which he is the holder; and every shareholder holding Class B ordinary shares present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorized representative shall have ten (10) votes for every fully paid Class B ordinary share of which he is the holder.

A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case (i) every shareholder holding Class A ordinary shares present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one (1) vote, and (ii) every shareholder holding Class B ordinary shares present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have ten (10) votes, provided that, notwithstanding anything contained in our amended and restated memorandum and articles of association, where more than one proxy is appointed by a shareholder which is a clearing house or a central depository house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For the purposes of our amended and restated memorandum and articles of association, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by us to the shareholders; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all shareholders a reasonable opportunity to express their views.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the shares cast at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our amended and restated memorandum and articles of association.

Transfer of Ordinary Shares. Subject to the restrictions contained in our amended and restated memorandum and articles of association, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share that is not a fully paid up share to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four joint holders or a transfer of any share that is not a fully paid up share or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- a fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer, they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq, be suspended and the register of members closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register of members closed for more than 30 days in any year as our board may determine.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up ordinary share capital, the assets will be distributed so that the losses are borne by our holders of ordinary shares proportionately.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Ordinary Shares. The Companies Law and our amended and restated articles of association permit us to purchase our own shares. In accordance with our amended and restated articles of association and provided the necessary shareholders or board approval have been obtained, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner, including out of capital, as may be determined by our board of directors.

Variations of Rights of Shares. All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. Separate general meetings of the holders of a class or series of shares may be called only by (i) the chairman of our board of directors, or (ii) a majority of our board of directors (unless otherwise specifically provided by the terms of issue of the shares of such class or series), and nothing in the amended and restated memorandum and articles of association shall give any shareholder or shareholders the right to call a class or series meeting. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu with such existing class of shares.

General Meetings of Shareholders

A quorum required for a meeting of shareholders consists of one or more shareholders present in person or by proxy representing not less than one-third of all voting power of the company's share capital in issue. (i) A majority of our board of directors, or (ii) the chairman of our board of directors, or (iii) any director, where required to give effect to a requisition received under the amended and restated memorandum and articles of association, may call extraordinary general meetings, which extraordinary general meetings shall be held at such times and locations (as permitted hereby) as such person or persons shall determine.

Any one or more shareholders holding at the date of deposit of the requisition not less than two-thirds of the voting power of our share capital in issue carrying the right of voting at general meetings of our company shall at all times have the right, by written requisition to our board of directors or our secretary, to require an extraordinary general meeting to be called by our board of directors for the transaction of any business permitted by the Companies Law or the amended and restated memorandum and articles of association (subject to the below) as specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit our board of directors fails to proceed to convene such meeting, the requisitionist(s) himself or herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of our board of directors shall be reimbursed to the requisitionist(s) by us.

A meeting requisitioned under the amended and restated memorandum and articles of association shall not be permitted to consider or vote upon (A) any resolutions with respect to the election, appointment or removal of directors or with respect to the size of our board of directors, unless such proposal is first approved by our nominating and corporate governance committee; or (B) other than a special resolution in respect of the appointment or removal of any director, any special resolution or any matters required to be passed by way of special resolution pursuant to the amended and restated memorandum and articles of association or the Companies Law. Written notice shall be given not less than ten days before the date of any general meeting.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, in our amended and restated memorandum and articles of association we provide our shareholders with the right to inspect our list of shareholders and to receive annual audited financial statements. See "—H. Documents on Display."

Changes in Capital

We may from time to time by ordinary resolution:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

We may by special resolution, subject to any confirmation or consent required by the Companies Law, reduce our share capital or any capital redemption reserve in any manner permitted by law.

Proceedings of the Directors

Our board of directors may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes, other than (i) any removal of any person as a director, or (ii) any appointment or removal of any person as the chairman of our board of directors, or (iii) any removal of any person as chairman or other member of any committee of our board of directors which, in each case, shall be determined by a resolution passed by a majority of not less than two-thirds of votes cast by such directors as, being entitled so to do, vote at a meeting of our board of directors. In the case of any equality of votes, the chairman of the meeting shall have an additional or casting vote. A meeting of our board of directors may be convened by (i) the chairman of our board of directors, or (ii) a majority of the directors. Our secretary shall convene a meeting of our board of directors whenever so required to do by the chairman of our board of directors or a majority of the directors by notice in writing to each director. A meeting of our board of directors may be called by not less than two (2) clear days' notice. A meeting of our board of directors may be called by shorter notice if it is so agreed by all the directors entitled to attend and vote at such a meeting. Any notice of a meeting of our board of directors shall (i) specify the time and place of the meeting, and (ii) set out in reasonable detail the nature of the business to be discussed at the meeting. Notice may be given in writing or by telephone or in such other manner as our board of directors may from time to time determine.

A resolution in writing signed by all the directors (other than in the circumstances set out in article 85 in our amended and restated memorandum and articles of association) except such as are temporarily unable to act due to ill-health or disability shall (provided that (i) the circulation of such resolutions has the prior approval of, and is initiated by, the chairman of our board of directors, (ii) such number of signatories includes the chairman of our board of directors and is sufficient to constitute a quorum, and (iii) further provided that a copy of such resolution has been given or the contents thereof communicated to all the directors for the time being entitled to receive notices of board meetings in the same manner as notices of meetings are required to be given by our amended and restated memorandum and articles of association) be as valid and effectual as if a resolution had been passed at a meeting of our board of directors duly convened and held.

Exempted Company

We are an exempted company with limited liability incorporated under the Companies Law. The Companies Law in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company. We are subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. We currently intend to comply with the Nasdaq rules in lieu of following home country practice. The Nasdaq rules require that every company listed on the Nasdaq hold an annual general meeting of shareholders. In addition, our amended and restated articles of association allow directors to call special meeting of shareholders pursuant to the procedures set forth in our articles.

Differences in Corporate Law

The Companies Law is modeled after that of England and Wales but does not follow recent statutory enactments in England. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

A merger of two or more constituent companies under Cayman Islands law requires a plan of merger or consolidation to be approved by the directors of each constituent company and authorization by a special resolution of the members of each constituent company.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders. For this purpose a subsidiary is a company of which at least ninety percent (90%) of the issued shares entitled to vote are owned by the parent company.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain circumstances, a dissentient shareholder of a Cayman constituent company is entitled to payment of the fair value of his shares upon dissenting to a merger or consolidation. The exercise of appraisal rights will preclude the exercise of any other rights save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must, in addition, represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover offer is made and accepted by holders of 90% of the shares within four months, the subject of the offer, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud which may attach to such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we have entered into indemnification agreements with our directors and senior executive officers that provide such persons with additional indemnification beyond that provided in our amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions in the Memorandum and Articles of Association

Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our amended and restated memorandum and articles of association, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company — a duty to act *bona fide* in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Our amended and restated articles of association provide that shareholders may not approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Our amended and restated articles of association allow our shareholders to requisition a shareholders' meeting (see above). As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings though we may do so.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our amended and restated articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Subject to any provision to the contrary in our amended and restated memorandum and articles of association, a director may, at any time before the expiration of his or her period of office (notwithstanding anything in our post-offering amended and restated memorandum and articles of association or in any agreement between our company and such director (but without prejudice to any claim for damages under any such agreement)) be removed by way of either (a) an ordinary resolution of the shareholders; or (b) the affirmative vote of a majority of the remaining directors present and voting at a board meeting; or (c) a resolution in writing (which complies with the requirements of the provisos contained in article 119 of our amended and restated memorandum and articles of association) signed by all the directors other than the director being removed.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into *bona fide* in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Companies Law and our amended and restated articles of association, our company may be dissolved, liquidated or wound up by a special resolution of shareholders.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our amended and restated memorandum and articles of association may only be amended by a special resolution of shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Shares

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company," "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions," or elsewhere in this annual report on Form 20-F.

D. Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Foreign Exchange."

E. Taxation

The following summary of the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in ADSs or Class A ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty.

Pursuant to the Tax Concessions Law (2011 Revision) of the Cayman Islands, we have obtained an undertaking from the Governor-in-Council: (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to us or our operations; and (b) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on the shares, debentures or other obligations of us. The undertaking is for a period of twenty years from March 8, 2018.

Payments of dividends and capital in respect of the shares of our company will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the shares, nor will gains derived from the disposal of the ordinary shares be subject to Cayman Islands income or corporation tax.

Certain stamp duties may be applicable, from time to time, on certain instruments executed in or brought into the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

People's Republic of China Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We do not believe that Q&K International Group Limited meets all of the conditions above. Q&K International Group Limited is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. For the same reasons, we believe our other entities outside of China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." There can be no assurance that the PRC government will ultimately take a view that is consistent with ours.

However, if the PRC tax authorities determine that Q&K International Group Limited is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. Such 10% tax rate could be reduced by applicable tax treaties or similar arrangements between China and the jurisdiction of our shareholders. For example, for shareholders eligible for the benefits of the tax treaty between China and Hong Kong, the tax rate is reduced to 5% for dividends if relevant conditions are met. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether non-PRC shareholders of Q&K International Group Limited would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that Q&K International Group Limited is treated as a PRC resident enterprise.

Provided that our Cayman Islands holding company, Q&K International Group Limited, is not deemed to be a PRC resident enterprise, holders of our ADSs and Class A ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or ADSs. However, under Circular 7, where a non-resident enterprise conducts an "indirect transfer" by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee or the PRC entity which directly owned such taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee would be obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under Circular 7, and we may be required to expend valuable resources to comply with Bulletin 37, or to establish that we should not be taxed under Circular 7 and Bulletin 37. See "Item 3. Key Information—D. Risk Factors — Risks Related to Doing Business in China — We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a Chinese establishment of a non-Chinese company, or immovable properties located in China owned by non-Chinese companies."

United States Federal Income Tax Considerations

The following is a summary of material U.S. federal income tax considerations that are likely to be relevant to the purchase, ownership and disposition of our Class A ordinary shares or ADSs by a U.S. Holder (as defined below).

This summary is based on provisions of the Internal Revenue Code of 1986, as amended, or the "Code," and regulations, rulings and judicial interpretations thereof, in force as of the date hereof. Those authorities may be changed at any time, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This summary is not a comprehensive discussion of all of the tax considerations that may be relevant to a particular investor's decision to purchase, hold, or dispose of Class A ordinary shares or ADSs. In particular, this summary is directed only to U.S. Holders that hold Class A ordinary shares or ADSs as capital assets and does not address all of the tax consequences to U.S. Holders who may be subject to special tax rules, such as banks, brokers or dealers in securities or currencies, traders in securities electing to mark to market, financial institutions, insurance companies, tax exempt entities, partnerships (including any entities treated as partnerships for U.S. federal income tax purposes) and the partners therein, holders that own or are treated as owning 10% or more of our shares (measured by vote or value), persons holding Class A ordinary shares or ADSs as part of a hedging or conversion transaction or a straddle, or persons whose functional currency is not the U.S. dollar. Moreover, this summary does not address state, local or non-U.S. taxes, the U.S. federal estate and gift taxes, or the Medicare contribution tax applicable to net investment income of certain non-corporate U.S. Holders, or alternative minimum tax consequences of acquiring, holding or disposing of Class A ordinary shares or ADSs.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Class A ordinary shares or ADSs that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of such Class A ordinary shares or ADSs.

You should consult your own tax advisors about the consequences of the acquisition, ownership and disposition of the Class A ordinary shares or ADSs, including the relevance to your particular situation of the considerations discussed below and any consequences arising under non-U.S., state, local or other tax laws.

ADSs

In general, a U.S. Holder of ADSs will be treated, for U.S. federal income tax purposes, as the beneficial owner of the underlying Class A ordinary shares that are represented by those ADSs.

Taxation of Dividends

Subject to the discussion below under "Passive Foreign Investment Company Rules," the gross amount of any distribution of cash or property with respect to our Class A ordinary shares or ADSs (including amounts, if any, withheld to reflect PRC taxes) that is paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be includible in your taxable income as ordinary dividend income on the day on which you receive the dividend, in the case of Class A ordinary shares, or the date the depositary receives the dividends, in the case of ADSs, and will not be eligible for the dividends-received deduction allowed to U.S. corporations under the Code.

We do not expect to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles. U.S. Holders therefore should expect that distributions generally will be treated as dividends for U.S. federal income tax purposes.

Subject to certain exceptions for short-term and hedged positions, the dividends received by a non-corporate U.S. Holder with respect to the Class A ordinary shares or ADSs will be subject to taxation at a preferential rate if the dividends are "qualified dividends." Dividends paid on the Class A ordinary shares or ADSs will be treated as qualified dividends if:

- the Class A ordinary shares or ADSs on which the dividend is paid are readily tradable on an established securities market in the United States or we are eligible for the benefits of a comprehensive tax treaty with the United States that the U.S. Treasury determines is satisfactory for purposes of these rules and that includes an exchange of information program; and
- we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a PFIC.

Our ADSs are listed on the NASDAQ Global Market, and the ADSs qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on our financial statements, the manner in which we conduct our business and the relevant market data, we do not believe we were a PFIC for U.S. federal income tax purposes with respect to our 2020 taxable year. In addition, based on our financial statements, the manner in which we conduct our business, relevant market data and our current expectations regarding the value and nature of our assets and the sources and nature of our income, we do not anticipate becoming a PFIC for our 2021 taxable year or in the foreseeable future. We could be treated as a PFIC, however, if our rental income in any particular taxable year is not treated as "active" rental income for U.S. federal income tax purposes, as discussed under "Passive Foreign Investment Company Rules".

Because the Class A ordinary shares are not themselves listed on a U.S. exchange, dividends received with respect to the Class A ordinary shares that are not represented by ADSs may not be treated as qualified dividends. U.S. Holders of Class A ordinary shares or ADSs should consult their own tax advisors regarding the potential availability of the reduced dividend tax rate in light of their own particular circumstances.

In the event that we are deemed to be a PRC-resident enterprise under the PRC Enterprise Income Tax Law (see "— People's Republic of China Taxation"), a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs or Class A ordinary shares. In that case, we may, however, be eligible for the benefits of the Agreement Between the Government of the United States of America and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income, or the "Treaty." If we are eligible for such benefits, dividends we pay on our Class A ordinary shares, regardless of whether such shares are represented by the ADSs, would be eligible for the reduced rates of taxation described above. Dividend distributions with respect to our Class A ordinary shares or ADSs generally will be treated as "passive category" income from sources outside the United States for purposes of determining a U.S. Holder's U.S. foreign tax credit limitation. Subject to the limitations and conditions provided in the Code and the applicable U.S. Treasury Regulations, a U.S. Holder may be able to claim a foreign tax credit against its U.S. federal income tax liability in respect of any PRC income taxes withheld at the appropriate rate applicable to the U.S. Holder from a dividend paid to such U.S. Holder. Alternatively, the U.S. Holder may deduct such PRC income taxes from its U.S. federal taxable income, provided that the U.S. Holder elects to deduct rather than credit all foreign income taxes for the relevant taxable year. The rules with respect to foreign tax credits are complex and involve the application of rules that depend on a U.S. Holder's particular circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or the deductibility of foreign taxes under their particular circumstances.

U.S. Holders that receive distributions of additional ADSs or Class A ordinary shares or rights to subscribe for ADSs or Class A ordinary shares as part of a pro rata distribution to all our shareholders generally will not be subject to U.S. federal income tax in respect of the distributions.

Taxation of Dispositions of ADSs or Class A ordinary shares

Subject to the discussion below under "Passive Foreign Investment Company Rules," upon a sale, exchange or other taxable disposition of the ADSs or Class A ordinary shares, U.S. Holders will realize gain or loss for U.S. federal income tax purposes in the amount equal to the difference between the amount realized on the disposition and the U.S. Holder's adjusted tax basis in the ADSs or Class A ordinary shares. Such gain or loss will be capital gain or loss and generally will be long-term capital gain or loss if the ADS or Class A ordinary shares have been held for more than one year. Long-term capital gain realized by a non-corporate U.S. Holder generally is subject to taxation at a preferential rate. The deductibility of capital losses is subject to limitations.

Gain, if any, realized by a U.S. Holder on the sale or other disposition of the ADSs or Class A ordinary shares generally will be treated as U.S. source income for U.S. foreign tax credit purposes. Consequently, if a PRC tax is imposed on the sale or other disposition, a U.S. Holder that does not receive significant foreign-source income from other sources may not be able to derive effective U.S. foreign tax credit benefits in respect of such PRC tax. However, in the event that gain from the disposition of the ADSs or Class A ordinary shares is subject to tax in the PRC, and a U.S. Holder is eligible for the benefits of the Treaty, such holder may elect to treat such gain as PRC-source gain under the Treaty. U.S. Holders should consult their own tax advisors regarding the application of the foreign tax credit rules to their investment in, and disposition of, the ADSs or Class A ordinary shares.

Deposits and withdrawals of Class A ordinary shares by U.S. Holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

Passive Foreign Investment Company Rules.

Special U.S. tax rules apply to companies that are considered to be PFICs. We will be classified as a PFIC in a particular taxable year if either

- 75 percent or more of our gross income for the taxable year is passive income; or
- the average percentage of the value of our assets that produce or are held for the production of passive income is at least 50 percent or the asset test.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). If we own at least 25% (by value) of the stock of another corporation, for purposes of determining whether we are a PFIC, we will be treated as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income. Although the law in this regard is not entirely clear, we treat our VIE as being owned by us for U.S. federal income tax purposes because we control its management decisions and are entitled to substantially all of the economic benefits associated with it.

Based on our financial statements, the manner in which we conduct our business, relevant market data and our current expectations regarding the value and nature of our assets and the sources and nature of our income, we do not believe that we were a PFIC in our taxable years ending September 30, 2020 and September 30, 2019, and we do not anticipate becoming a PFIC for our current taxable year or in the foreseeable future. However, because the PFIC tests must be applied each year, and the composition of our income and assets and the value of our assets may change, and because the treatment of our VIE for U.S. federal income tax purposes is not entirely clear, it is possible that we may become a PFIC in the current or a future year. In particular, because the value of our assets for purposes of the asset test may be determined by reference to the market price of our ADSs, fluctuations in the market price of our ADSs may cause us to become a PFIC for the current or subsequent taxable years. In addition, the treatment of our rental income as active for purposes of these tests depends upon whether we conduct sufficient marketing or other activities with respect to the rented properties in each taxable year to meet the requirements for an active rental business under applicable Treasury regulations, which may be uncertain.

In the event that we are classified as a PFIC in any year during which a U.S. Holder holds our Class A ordinary shares or ADSs and such U.S. Holder does not make a mark-to-market election, as described below, the U.S. holder will be subject to a special tax at ordinary income tax rates on "excess distributions," including certain distributions by us (generally, distributions that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or the U.S. Holder's holding period for the Class A ordinary shares or ADSs) and gain that the U.S. Holder recognizes on the sale of our ordinary shares or ADSs. The amount of income tax on any excess distributions will be increased by an interest charge to compensate for tax deferral, calculated as if the excess distributions were earned ratably over the period that the U.S. Holder holds its Class A ordinary shares or ADSs. Further, if we are a PFIC for any year during which a U.S. Holder holds our Class A ordinary shares or ADSs, we generally will continue to be treated as a PFIC for all subsequent years during which such U.S. Holder holds our Class A ordinary shares or ADSs unless we cease to be a PFIC and the U.S. Holder makes a special "purging" election on Internal Revenue Service ("IRS") Form 8621. Classification as a PFIC may also have other adverse tax consequences, including, in the case of individuals, the denial of a step-up in the basis of his or her Class A ordinary shares or ADSs at death.

A U.S. Holder may be able to avoid the unfavorable rules described in the preceding paragraph by electing to mark its ADSs to market, provided the ADSs are treated as "marketable stock." The ADSs generally will be treated as marketable stock if the ADSs are "regularly traded" on a "qualified exchange or other market" (which includes the NASDAQ Global Market). It should also be noted that it is intended that only the ADSs and not the Class A ordinary shares will be listed on the NASDAQ Global Market. Consequently, a U.S. Holder that holds Class A ordinary shares that are not represented by ADSs may not be eligible to make a mark-to-market election. If the U.S. Holder makes a mark-to-market election, (i) the U.S. Holder will be required in any year in which we are a PFIC to include as ordinary income the excess of the fair market value of its ADSs at year-end over the U.S. Holder's basis in those ADSs and (ii) the U.S. Holder will be entitled to deduct as an ordinary loss in each such year the excess of the U.S. Holder's basis in its ADSs over their fair market value at year-end, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's adjusted tax basis in its ADSs will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, any gain the U.S. Holder recognizes upon the sale of the U.S. Holder's ADSs in a year in which we are PFIC will be taxed as ordinary income in the year of sale, and any loss the U.S. Holder recognizes upon the sale will be treated as ordinary loss, but only to the extent of the net amount of previously included income as a result of the mark-to-mark election.

A U.S. Holder that owns an equity interest in a PFIC must annually file IRS Form 8621. A failure to file one or more of these forms as required may toll the running of the statute of limitations in respect of each of the U.S. Holder's taxable years for which such form is required to be filed. As a result, the taxable years with respect to which the U.S. Holder fails to file the form may remain open to assessment by the IRS indefinitely, until the form is filed.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares and any of our non-U.S. subsidiaries is also a PFIC, such U.S. Holder will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. U.S. Holders should consult their own tax advisors about the possible application of the PFIC rules to any of our subsidiaries.

U.S. Holders should consult their own tax advisors regarding the U.S. federal income tax considerations discussed above and the desirability of making a mark-to-market election.

Foreign Financial Asset Reporting

Certain U.S. Holders who are individuals that own "specified foreign financial assets" with an aggregate value in excess of US$50,000 on the last day of the taxable year or US$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on IRS Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include the Class A ordinary shares and the ADSs) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders that fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the Class A ordinary shares or the ADSs, including the application of the rules to their particular circumstances.

Backup Withholding and Information Reporting

Dividends paid on, and proceeds from the sale or other disposition of, the ADSs or Class A ordinary shares that are paid to a U.S. Holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the U.S. Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the IRS in a timely manner.

A holder that is a non-U.S. corporation or a non-resident alien individual may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 (Registration No. 333-234112) under the Securities Act to register the issuance and sale of our ordinary shares represented by ADSs in relation to our initial public offering. We have also filed a related registration statement on Form F-6 (Registration No. 333-234252) with the SEC to register the ADSs.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be obtained over the internet at the SEC's website at *www.sec.gov* or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of documents, upon payment of a duplicating fee, by writing to the SEC.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated combined financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, if we so request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest rates for capital leases, rental installment loans and other financing arrangement, and bank borrowings. The interest rate risk may result from many factors, including government monetary and tax policies, domestic and international economic and political considerations, and other factors that are beyond our control. We may incur additional borrowings or other facilities in the future. Significant increases in interest rates may have an adverse impact on our earnings if we are unable to source rental apartments with rental rates high enough to offset the increase in interest rates for the rental installment loans, capital leases and other financing arrangement, and bank borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing bank balances and other borrowings with variable interest rates as of September 30, 2020. The analysis is prepared assuming that those balances outstanding as of September 30, 2019 and 2020 were outstanding for the whole financial year. A 10% increase or decrease which represents the management's assessment of the reasonably possible change in interest rates is used. Assuming no change in the outstanding balance of our existing interest bearing bank balances and other borrowings with variable interest rates as of September 30, 2020, a 10% increase or decrease in each applicable interest rate would add or deduct RMB5.4 million (US$0.8 million) to our interest expense in FY 2020.

This analysis does not consider the effects of the reduced level of overall economic activity that could exist in such an environment. In addition, in the event of a change of such magnitude, we would consider taking actions to mitigate our exposure to the change. However, because of the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no changes in our capital structure. We have not used any derivative financial instruments to manage our interest risk exposure.

Foreign Exchange Risk

The value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Following the removal of the U.S. dollar peg, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the PRC government has allowed the Renminbi to appreciate slowly against the U.S. dollar again, and it has appreciated more than 10% since June 2010. On August 11, 2015, the PBOC announced plans to improve the central parity rate of the RMB against the U.S. dollar by authorizing market-makers to provide parity to the China Foreign Exchange Trading Center operated by the PBOC with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies. Effective from October 1, 2016, the International Monetary Fund added Renminbi to its Special Drawing Rights currency basket. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against foreign currencies. The (depreciation) /appreciation of the U.S. dollar against the Renminbi was approximately 3.2%, 4.1% and (5.0)% in FY 2018, FY 2019 and FY 2020, respectively. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. Accordingly, it is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

As substantially all of our revenues and expenses are denominated in Renminbi, we do not believe that we currently have any significant direct foreign exchange risk, and have not used any derivative financial instruments to hedge exposure to such risk. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in our ADSs will be affected by the exchange rate between U.S. dollar and Renminbi because the value of our business is effectively denominated in Renminbi, while our ADSs will be traded in U.S. dollars. In addition, the reporting currency of our company is Renminbi, the functional currency of our company is U.S. dollars, and the functional currency of our subsidiaries is their local currencies, which is Renminbi for our operating subsidiaries. Any significant revaluation of U.S. dollars may materially and adversely affect our earnings and shareholders' deficits in Renminbi given that a portion of our cash and cash equivalents are denominated in U.S. dollars. A 10% depreciation of U.S. dollars against Renminbi may increase loss and shareholders' deficits by RMB0.8 thousand (US$0.1 thousand) for FY 2020.

Inflation

Since our inception, inflation in China has not materially affected our results of operations. According to the National Bureau of Statistics of China, the consumer price index in China increased by 2.1%, 2.9% and 1.7% in 2018, 2019 and 2020, respectively. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

Liquidity Risk

We manage liquidity risk by closely and continuously monitoring our financial positions. We aim to maintain sufficient cash flows with internally generated from our operation, borrowings from financial institutions, issuance of convertible notes and principal shareholder's financial support. We also review forecasted cash flows on an on-going basis.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Expenses

An ADS holder will be required to pay the following fees under the terms of the deposit agreement:

Persons depositing or withdrawing shares or ADS holders must pay:	***For:***
US$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
US$.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
US$.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement)
	Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions. For FY 2020, we received reimbursement of US$0.7 million from the depositary.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

See "Item 10. Additional Information—B. Memorandum and Articles of Association" for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

The following "Use of Proceeds" information relates to the registration statement on Form F-1, as amended (File No. 333-234112) in relation to our initial public offering, which was declared effective by the SEC on November 4, 2019. In November 2019, we completed our initial public offering in which we issued and sold an aggregate of 2,700,000 ADSs (excluding ADSs offered in the exercise of the over-allotment options), representing 81,000,000 Class A ordinary shares. In November 2019, the underwriters for our initial public offering exercised all of their over-allotment options to purchase an addition of 405,000 ADSs. The net proceeds we received from the initial public offering and the exercise of over-allotment options totaled US$44.5 million. Morgan Stanley & Co. LLC and China International Capital Corporation Hong Kong Securities Limited were the representatives of the underwriters for our initial public offering.

For the period from November 4, 2019, the date that the registration statement on Form F-1 was declared effective by the SEC, to the date of this annual report, the total expenses incurred for our company's account in connection with our initial public offering was approximately US$6.4 million, which included US$3.9 million in underwriting discounts and commissions for the initial public offering and approximately US$2.5 million in other costs and expenses for our initial public offering. None of the transaction expenses included payments to directors or officers of our company or their associates, persons owning more than 10% or more of our equity securities or our affiliates.

For the period from November 4, 2019, the date that the registration statement on Form F-1 was declared effective by the SEC, to the date of this annual report, we used (i) RMB229.2 million (US$33.8 million) of the net proceeds from our initial public offering to expand our apartment network, primarily consisting of a deposit of approximately RMB200.0 million (US$29.5 million) for the planned acquisition of lease contracts with landlords and tenants and related fixtures and equipment for approximately 47,000 rental units in Sichuan and Chongqing from another rental service company in early 2020, which was eventually used to repurchase our ADSs due to the termination of this transaction, and a deposit of approximately RMB22.5 million (US$3.3 million) to secure the acquisition of lease contracts with landlords and tenants and related fixtures and equipment for certain rental units in Tianjin from another rental service company in December 2019, and (ii) RMB44.2 million (US$6.5 million) of the net proceeds from our initial public offering for general use. We then used the RMB200.0 million (US$29.5 million) returned to us to repurchase ADSs on the open market, which is in the process of transferring the ADSs to our account. None of the net proceeds from the initial public offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates.

We still intend to use the remainder of the proceeds from our initial public offering as disclosed in our registration statements on Form F-1.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, due to the outstanding material weakness described below, as of September 30, 2020, our disclosure controls and procedures were not effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for designing, establishing and maintaining a system of internal controls over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, to provide reasonable assurance that the financial information prepared by us for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with U.S. GAAP. Our board of directors is responsible for ensuring that management fulfills its responsibilities. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect all possible misstatements or frauds. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

In connection with the audits of our consolidated financial statements as of September 30, 2020 and for FY 2020, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified relates to lack of sufficient accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to (a) formalize and carry out key controls over financial reporting, (b) properly address complex accounting issues and (c) prepare and review consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC reporting requirements, and lack of a comprehensive accounting policy manual and closing procedure manual for its finance department to convert its primary financial information prepared under accounting principles generally accepted in the PRC into U.S. GAAP.

We established an audit committee in November 2019. We have also engaged an internal control consultant to help us establish and improve our internal controls, hired additional accounting staff with appropriate understanding of U.S. GAAP and SEC reporting requirements, trained the existing financial reporting personnel and engaged an independent third party consultant to assist in establishing processes and oversight measures to comply with the requirements of Sarbanes Oxley Act. We are in the process of implementing a number of measures to address the material weakness that has been identified, including formalizing a set of comprehensive U.S. GAAP accounting manuals, hiring more qualified internal auditors to strengthen our overall governance, providing relevant training to our accounting personnel and upgrading our financial reporting system to streamline monthly and year-end closings and integrate financial and operating reporting systems. We also plan to take other steps to strengthen our internal control over financial reporting, including enhancing our internal audit function independently led by audit committee. However, we cannot assure you that we will remediate our material weakness in a timely manner.

Because of the material weakness identified above, our management has concluded that our internal control over financial reporting was not effective as of September 30, 2020.

Attestation report of the registered public accounting firm

Since we are an "emerging growth company" as defined under the JOBS Act, we are exempt from the requirement to comply with the auditor attestation requirements that our independent registered public accounting firm attest to and report on the effectiveness of our internal control structure and procedures for financial reporting.

Changes in Internal Control over Financial Reporting

Changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting are described in the above section and the following.

In January 2020, Ms. Jackie Qiang You was promoted from chief financial officer to chief strategy officer and senior vice president, and Mr. Zhichen (Frank) Sun was promoted from finance director to chief financial officer.

In May 2020, Ms. Jackie Qiang You has resigned as Chief Strategy Officer and Senior Vice President of Qingke for personal reasons, effective May 6, 2020.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Chen Chen, our independent director (under the standards set forth under Rule 5605(a)(2) of the NASDAQ Marketplace Rules and Rule 10A-3 under the Exchange Act) is an "audit committee financial expert."

ITEM 16B. CODE OF ETHICS

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees in September 2019. We have posted a copy of our code of business conduct and ethics on our website at http://ir.qk365.com/static-files/f3b7f9ae-914c-4059-9f2f-ebf9a7268429, where you can obtain a copy without charge.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu Certified Public Accountants LLP, our principal external auditors, for the periods indicated.

	FY 2019		FY 2020	
	RMB	US$	RMB	US$
	(in thousands)			
Audit fees[(1)]	5,575	780	4,074	600
Total	5,575	780	4,074	600

(1) Audit fees include the aggregate fees billed in each of the fiscal period listed for professional services rendered by our independent public accountants in relation to the audit of our annual financial statements and services related to our earnings release.

No fee was billed in FY 2020 for professional services rendered by Marcum Bernstein & Pinchuk LLP.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Marcum Bernstein & Pinchuk LLP, including audit services, audit-related services, tax services and other services as described above, other than those for *de minimis* services which are approved by the audit committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Period	(a) Total Number of ADSs Purchased	(b) Average Price Paid per ADS	(c) Total Number of ADSs Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Approximate Dollar Value of ADSs That May Yet Be Purchased Under the Plans or Programs
July 1, 2020 through July 31, 2020	2,575,000[1]	US$17.10 (RMB116.1)	—	—
Total	2,575,000[1]	US$17.10 (RMB116.1)	—	—

(1) We are in the process of completing the repurchase of 2,575,000 ADSs on the privately negotiated transactions. These ADSs will become treasury shares once they are transferred to our account.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

On December 3, 2020, we dismissed Deloitte Touche Tohmatsu Certified Public Accountants LLP ("Deloitte"), as our independent registered public accounting firm, effective immediately, and engaged Marcum Bernstein & Pinchuk LLP as our independent registered public accounting firm in connection with the audit of our consolidated financial statements as of September 30, 2020 and for FY 2020, effective as of December 3, 2020. Our decision to dismiss Deloitte and engage Marcum Bernstein & Pinchuk LLP was approved by the audit committee of our board of directors on November 11, 2020.

Deloitte's audit report on our consolidated financial statements as of September 30, 2018 and 2019 and for each of FY 2018 and FY 2019 did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles. Deloitte did not audit any financial statements of our company as of any date or for any period subsequent to September 30, 2019.

During each of FY 2018 and FY 2019 and the subsequent interim period through our dismissal of Deloitte on December 3, 2020, there were (i) no disagreements, as that term is defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to Item 16F of Form 20-F, between us and Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, any of which, if not resolved to Deloitte's satisfaction, would have caused Deloitte to make reference to the subject matter of the disagreement in connection with their reports on the financial statements for such years, and (ii) no "reportable events" requiring disclosure pursuant to Item 16F(a)(1)(v) of the instructions to Form 20-F in connection with our annual report on Form 20-F, except that Deloitte advised us of two material weaknesses in our internal control over financial reporting related to (i) lack of sufficient accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to (a) formalize and carry out key controls over financial reporting, (b) properly address complex accounting issues and (c) prepare and review consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC reporting requirements, and lack of a comprehensive accounting policy manual and closing procedure manual for our finance department to convert its primary financial information prepared under accounting principles generally accepted in the PRC into U.S. GAAP; and (ii) absence of audit committee and internal audit function to establish formal risk assessment process and internal control framework.

We provided Deloitte with a copy of the disclosures under this Item 16F and requested from Deloitte a letter addressed to the SEC indicating whether it agrees with such disclosures, and if not, stating the respects in which it does not agree. We have received the requested letter from Deloitte, a copy of which is included as Exhibit 16.1 attached herein.

During each of FY 2018 and FY 2019 and the subsequent interim period through December 3, 2020, neither we nor anyone on behalf of us has consulted with Marcum Bernstein & Pinchuk LLP regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us that Marcum Bernstein & Pinchuk LLP concluded was an important factor considered by us in reaching a decision as to any accounting, auditing, or financial reporting issue, (ii) any matter that was the subject of a disagreement pursuant to Item 16F(a)(1)(iv) of the instructions to Form 20-F, or (iii) any reportable event pursuant to Item 16F(a)(1)(v) of the instructions to Form 20-F.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on the NASDAQ Global Market, we are subject to the NASDAQ Global Market corporate governance listing standards. However, NASDAQ Global Market rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NASDAQ Global Market corporate governance listing standards. We opt to follow our home country practices and rely on certain exemptions provided by the NASDAQ Global Market corporate governance listing standards to a foreign private issuer, including exemptions from the requirements to have:

- majority of independent directors on our board of directors;
- a minimum of three members in our audit committee;
- only independent directors being involved in the selection of director nominees and determination of executive officer compensation;
- regularly scheduled executive sessions of independent directors; and
- a quorum of annual general meeting which is no less than 33 1/3% of our outstanding shares.

As a result of our reliance on the corporate governance exemptions available to foreign private issuers, holders of our ADSs will not have the same protection afforded to shareholders of companies that are subject to all of NASDAQ Global Market corporate governance requirements.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

Our consolidated financial statements are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Form of Third Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
2.1	Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)
2.2	Registrant's Specimen Certificate for Class A ordinary shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
2.3	Form of Deposit Agreement, among the Registrant, the depositary and owners and holders of American Depositary Receipts (incorporated herein by reference to Exhibit (a) to the registration statement on Form F-6 (File No. 333-234252), as amended, initially filed with the Securities and Exchange Commission on October 18, 2019).
2.4*	Description of Securities
4.1	2019 Share Incentive Plan of the Registrant (incorporated herein by reference to Exhibit 10.9 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
4.2	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
4.3	English translation of the form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
4.4	English translation of the executed equity pledge agreement entered into by and among Q&K Investment Consulting, Q&K E-Commerce and the shareholders of Q&K E-Commerce dated April 21, 2015 (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)

Exhibit Number	Description of Document
4.5	English translation of the executed shareholder voting proxy agreement entered into by and among Q&K Investment Consulting, Q&K E-Commerce, Xiamen Siyuan Investment Management Co., Ltd., Guangjie Jin and Bing Xiao dated April 21, 2015 (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
4.6	English translation of the Spouse Consent Letter signed by the spouse of Mr. Bing Xiao dated April 14, 2015 (incorporated herein by reference to Exhibit 10.5 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
4.7	English translation of the executed exclusive technology service agreement entered into by and between Q&K Investment Consulting and Q&K E-Commerce dated April 21, 2015 (incorporated herein by reference to Exhibit 10.6 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
4.8	English translation of the executed exclusive option agreement entered into by and among Q&K Investment Consulting, Q&K E-Commerce and the shareholders of Q&K E-Commerce (incorporated herein by reference to Exhibit 10.7 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
4.9	English translation of the executed strategic cooperation agreement entered into by and between SHRB and Shanghai Qingke Public Rental Housing Leasing Management Co., Ltd. dated February 21, 2019 (incorporated herein by reference to Exhibit 10.8 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
4.10	Loan agreement between the Registrant and Azure Investments Ltd. dated December 18, 2019 (incorporated herein by reference to Exhibit 4.10 to the annual report on Form 20-F (File No. 001-39111) initially filed with the Securities and Exchange Commission on February 18, 2020 and amended on February 21, 2020)
4.11*	Asset purchase agreement between the Registrant and Great Alliance Co-living Limited dated July 22, 2020
4.12*	Side Letter to the Asset purchase agreement between the Registrant and Great Alliance Co-living Limited dated July 22, 2020
4.13*	Share subscription agreement between the Registrant and Great Alliance Co-living Limited dated July 22, 2020
4.14*	Share subscription agreement between the Registrant and Beautiful House Limited dated July 22, 2020
4.15*	English translation of the executed asset transfer agreement between Chengdu Liwu Apartment Management Co., Ltd. and Beijing LianULife Technology Co., Ltd., among others, dated July 22, 2020
4.16*	English translation of the contracted operation agreement among Chengdu Liwu Apartment Management Co., Ltd., Beijing Yihongyue Real Estate Co., Ltd. and Guang Han dated July 22, 2020
4.17*	Convertible notes and warrant purchase agreement between the Registrant and Key Space (S) Pte Ltd, dated July 22, 2020

Exhibit Number	Description of Document
4.18*	Amendment No. 1 to the convertible notes and warrant purchase agreement between the Registrant and Key Space (S) Pte Ltd, dated July 29, 2020
4.19*	Convertible notes and warrant purchase agreement between the Registrant and Veneto Holdings Ltd., dated July 22, 2020
8.1*	Significant Subsidiaries and VIE of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-234112), as amended, initially filed with the Securities and Exchange Commission on October 7, 2019)
12.1*	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of JunHe LLP
16.1*	Letter from Deloitte Touche Tohmatsu Certified Public Accountants LLP to the Securities and Exchange Commission
101.INS*	Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith
** Furnished herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Q&K International Group Limited

By: /s/ Chengcai Qu
Name: Chengcai Qu
Title: Chairman of the Board of Directors, Chief Executive Officer, Chief Operating Officer and Vice President

Date: February 16, 2021

Q&K INTERNATIONAL GROUP LIMITED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Q&K International Group Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Q&K International Group Limited (the "Company") as of September 30, 2020, the related consolidated statements of comprehensive loss, shareholders' deficit and cash flows for the year ended September 30, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2020, and the results of its operations and its cash flows for the year ended September 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph—Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Marcum Bernstein & Pinchuk LLP

Marcum LLP

We have served as the Company's auditor since **2020**
New York, NY
February 16, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Q&K International Group Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Q&K International Group Limited (the "Company"), its subsidiaries and consolidated variable interest entities (the "Group") as of September 30, 2019, the related consolidated statements of comprehensive loss, changes in shareholders' deficit, and cash flows, for each of the two years in the period ended September 30, 2019, and the related notes and financial statement schedule included in Schedule I (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of September 30, 2019, the results of their operations and their cash flows for each of the two years in the period ended September 30, 2019, are in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined and consolidated financial statements are free of material misstatement, whether due to error or fraud. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, the People's Republic of China
February 18, 2020

We began serving as the Group's auditor in 2019. In 2020, we became the predecessor auditor.

Q&K INTERNATIONAL GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
(Renminbi in thousands, except for share and per share data, unless otherwise stated)

	As of September 30,		
	2019	2020	
	RMB	RMB	USD
ASSETS			
Current assets:			
Cash and cash equivalents	159,799	22,879	3,370
Restricted cash	91,015	8,887	1,309
Accounts receivable	1,306	1,943	286
Amounts due from related parties	5,587	168	25
Prepaid rent and deposit	128,213	51,281	7,553
Advances to suppliers	64,028	16,043	2,363
Other current assets	146,559	101,803	14,994
Total current assets	**596,507**	**203,004**	**29,900**
Non-current assets:			
Property and equipment, net	1,185,311	358,022	52,731
Intangible assets, net	1,248	222,123	32,715
Land use rights	10,734	10,448	1,539
Other assets	5,946	57,133	8,415
Total non-current assets	**1,203,239**	**647,726**	**95,400**
Total assets	**1,799,746**	**850,730**	**125,300**
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT			
LIABILITIES (including amounts of the consolidated VIEs without recourse to the Company, see Note 2)			
Current liabilities:			
Accounts payable	277,103	294,469	43,371
Amounts due to related parties	3,121	6,594	971
Deferred revenue	78,540	152,619	22,478
Short-term debt	319,103	762,136	112,251
Rental installment loans	756,749	54,505	8,028
Deposits from tenants	163,203	82,191	12,105
Payable for asset acquisition	—	165,808	24,421
Accrued expenses and other current liabilities	99,292	443,418	65,310
Total current liabilities	**1,697,111**	**1,961,740**	**288,935**
Non-current liabilities:			
Long-term debt	428,345	464,920	68,475
Convertible note, net	—	206,466	30,408
Long-term deferred rent	387,739	212,054	31,232
Contingent earn-out liabilities	97,417	—	—
Total non-current liabilities	**913,501**	**883,440**	**130,115**
Total liabilities	**2,610,612**	**2,845,180**	**419,050**

Q&K INTERNATIONAL GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
(Renminbi in thousands, except for share and per share data, unless otherwise stated)

	As of September 30,		
	2019	2020	
	RMB	RMB	USD
Commitments and contingencies (Note 17)			
Mezzanine equity:			
Series B convertible redeemable preferred shares (US$0.00001 par value, 160,000,000 shares authorized, issued and outstanding; liquidation value of RMB233,350 and RMB nil as of September 30, 2019 and 2020, respectively)	316,765	—	—
Series C convertible redeemable preferred shares (US$0.00001 par value, 120,000,000 shares authorized, issued and outstanding; liquidation value of RMB287,231 and RMB nil as of September 30, 2019 and 2020, respectively)	272,633	—	—
Series C-1 convertible redeemable preferred shares (US$0.00001 par value, 103,500,000 shares authorized, issued and outstanding; liquidation value of RMB255,213 and RMB nil as of September 30, 2019 and 2020, respectively)	236,320	—	—
Series C-2 convertible redeemable preferred shares (US$0.00001 par value, 273,360,850 shares authorized, issued and outstanding; liquidation value of RMB 595,962 and RMB nil as of September 30, 2019 and 2020, respectively)	599,767	—	—
Total mezzanine equity	**1,425,485**	**—**	**—**
Shareholders' deficit:			
Ordinary shares (US$0.00001 par value per share; 3,500,000,000 and 5,000,000,0000 shares authorized; 430,450,490 and 1,436,010,850 shares issued and outstanding as of September 30, 2019 and 2020, respectively)	27	92	14
Series A non-redeemable preferred shares (US$0.00001 par value; 255,549,510 and nil shares authorized, issued and outstanding as of September 30, 2019 and 2020)	35,777	—	—
Treasury shares, at cost	—	(298,110)	(43,907)
Additional paid-in capital	—	2,085,099	307,102
Accumulated deficit	(2,275,924)	(3,809,516)	(561,081)
Accumulated other comprehensive (loss) income	(5,908)	18,357	2,704
Total Q&K International Group Limited shareholders' deficit	**(2,246,028)**	**(2,004,078)**	**(295,168)**
Noncontrolling interest	9,677	9,628	1,418
Total shareholders' deficit	**(2,236,351)**	**(1,994,450)**	**(293,750)**
Total liabilities, mezzanine equity and shareholders' deficit	**1,799,746**	**850,730**	**125,300**

The accompanying notes are an integral part of these consolidated financial statements.

Q&K INTERNATIONAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Renminbi in thousands, except for share and per share data, unless otherwise stated)

	For the years ended September 30,			
	2018	2019	2020	
	RMB	RMB	RMB	USD
Net revenues:				
Rental service	796,940	1,089,164	1,105,172	162,774
Value-added services and others	92,997	144,606	102,791	15,139
Total net revenues	**889,937**	**1,233,770**	**1,207,963**	**177,913**
Operating costs and expenses:				
Operating cost (including costs charged by related parties of RMB63,444, RMB52,034 and RMB 47,464 for the years ended September 30, 2018, 2019 and 2020, respectively)	(897,959)	(1,304,992)	(1,203,415)	(177,245)
Selling and marketing expenses (including expenses charged by related parties of RMB28,931, RMB55,774 and RMB nil for the years ended September 30, 2018, 2019 and 2020, respectively)	(117,826)	(135,413)	(63,512)	(9,354)
General and administrative expenses	(84,953)	(108,196)	(102,769)	(15,136)
Research and development expenses (including expenses charged by related parties of RMB154, nil and nil for the years ended September 30, 2018, 2019 and 2020, respectively)	(51,947)	(47,029)	(24,934)	(3,672)
Pre-operation expenses (including expenses charged by related parties of RMB26,460, RMB 14,431and RMB nil for the years ended September 30, 2018, 2019 and 2020, respectively)	(117,107)	(42,661)	(14,245)	(2,098)
Impairment loss on long-lived assets	(50,614)	(46,213)	(846,766)	(124,715)
Loss from disposal of property and equipment	—	—	(468,980)	(69,073)
Other income (expense), net	4,034	2,427	15,881	2,339
Total operating costs and expenses	**(1,316,372)**	**(1,682,077)**	**(2,708,740)**	**(398,954)**
Loss from operations	**(426,435)**	**(448,307)**	**(1,500,777)**	**(221,041)**
Interest expense, net	(77,167)	(91,914)	(130,206)	(19,177)
Foreign exchange loss, net	(91)	(457)	(62)	(9)
Fair value change of contingent earn-out liabilities	6,164	42,404	97,417	14,348
Loss before income taxes	**(497,529)**	**(498,274)**	**(1,533,628)**	**(225,879)**
Income tax expense	(2,393)	(63)	(13)	(2)
Net loss	**(499,922)**	**(498,337)**	**(1,533,641)**	**(225,881)**
Less: net loss attributable to noncontrolling interests	(63)	(95)	(49)	(7)
Net loss attributable to Q&K International Group Limited	**(499,859)**	**(498,242)**	**(1,533,592)**	**(225,874)**
Deemed dividend	(135,545)	(307,389)	—	—
Net loss attributable to ordinary shareholders	**(635,404)**	**(805,631)**	**(1,533,592)**	**(225,874)**
Net loss per share attributable to ordinary shareholders of Q&K International Group Limited—Basic and diluted	(1.55)	(1.87)	(1.14)	(0.17)
Weighted average number of ordinary shares used in computing net loss per share —Basic and diluted	409,403,915	430,450,490	1,351,127,462	1,351,127,462

Q&K INTERNATIONAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Renminbi in thousands, except for share and per share data, unless otherwise stated)

	For the years ended September 30,			
	2018	2019	2020	
	RMB	RMB	RMB	USD
Net loss	**(499,922)**	**(498,337)**	**(1,533,641)**	**(225,881)**
Other comprehensive income (loss), net of tax of nil:				
Foreign currency translation adjustments	4,551	(7,621)	24,265	3,574
Comprehensive loss	**(495,371)**	**(505,958)**	**(1,509,376)**	**(222,307)**
Less: comprehensive loss attributable to noncontrolling interests	(63)	(95)	(49)	(7)
Comprehensive loss attributable to Q&K International Group Limited	**(495,308)**	**(505,863)**	**(1,509,327)**	**(222,300)**
Deemed dividend	(135,545)	(307,389)	—	—
Comprehensive loss attributable to ordinary shareholders	**(630,853)**	**(813,252)**	**(1,509,327)**	**(222,300)**

The accompanying notes are an integral part of these consolidated financial statements.

Q&K INTERNATIONAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(Renminbi in thousands, except for share data, unless otherwise stated)

	Q&K International Group Limited shareholders' deficit										
	Ordinary shares		Series A non-redeemable preferred shares		Treasury stock	Additional paid in capital	Accumulated other comprehensive (loss) income	Accumulated deficit	Total	Noncontrolling interests	Total shareholders' deficit
	Number of shares	Amount		Amount							
Balance at September 30, 2017	**384,450,490**	**24**	**255,549,510**	**35,777**	**—**	**—**	**(2,838)**	**(845,314)**	**(812,351)**	**17,835**	**(794,516)**
Capital contribution	46,000,000	3	—	—	—	—	—	—	3	—	3
Share-based compensation	—	—	—	—	—	2,252	—	—	2,252	—	2,252
Deemed dividend accretion	—	—	—	—	—	(2,252)	—	(133,293)	(135,545)	—	(135,545)
Net loss	—	—	—	—		—	—	(499,859)	(499,859)	(63)	(499,922)
Foreign currency translation adjustments	—	—	—	—	—	—	4,551	—	4,551	—	4,551
Balance at September 30, 2018	**430,450,490**	**27**	**255,549,510**	**35,777**	**—**	**—**	**1,713**	**(1,478,466)**	**(1,440,949)**	**17,772**	**(1,423,177)**
Acquisition of noncontrolling interests	—	—	—	—	—	—	—	—	—	(8,000)	(8,000)
Share-based compensation	—	—	—	—	—	8,173	—	—	8,173	—	8,173
Deemed dividend accretion	—	—	—	—	—	(8,173)	—	(299,216)	(307,389)	—	(307,389)
Net loss	—	—	—	—	—	—	—	(498,242)	(498,242)	(95)	(498,337)
Foreign currency translation adjustments	—	—	—	—	—	—	(7,621)	—	(7,621)	—	(7,621)
Balance at September 30, 2019	**430,450,490**	**27**	**255,549,510**	**35,777**	**—**	**—**	**(5,908)**	**(2,275,924)**	**(2,246,028)**	**9,677**	**(2,236,351)**
Issuance of ordinary shares in connection with initial public offering ("IPO"), net off issuance of cost of RMB 29,289	93,150,000	6	—	—	—	289,021	—	—	289,027	—	289,027
Conversion of Series A non-redeemable preferred shares into ordinary shares	255,549,510	17	(255,549,510)	(35,777)	—	35,760	—	—	—	—	—
Conversion of mezzanine equity into ordinary shares	656,860,850	42	—	—	—	1,425,436	—	—	1,425,478	—	1,425,478
Repurchase of American Depositary Shares ("ADS") from certain investors into treasury shares	—	—	—	—	(298,110)	—	—	—	(298,110)	—	(298,110)
ADS to be issued in exchange for acquisition of certain assets from two third parties	—	—	—	—	—	312,273	—	—	312,273	—	312,273
Share-based compensation	—	—	—	—	—	16,045	—	—	16,045	—	16,045
Warrants issued in connection with convertible notes	—	—	—	—	—	6,564	—	—	6,564	—	6,564
Net loss	—	—	—	—	—	—	—	(1,533,592)	(1,533,592)	(49)	(1,533,641)
Foreign currency translation adjustments	—	—	—	—	—	—	24,265	—	24,265	—	24,265
Balance at September 30, 2020	**1,436,010,850**	**92**	**—**	**—**	**(298,110)**	**2,085,099**	**18,357**	**(3,809,516)**	**(2,004,078)**	**9,628**	**(1,994,450)**

The accompanying notes are an integral part of these consolidated financial statements.

Q&K INTERNATIONAL GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Renminbi in thousands, unless otherwise stated)

	For the years ended September 30,			
	2018	2019	2020	
	RMB	RMB	RMB	USD
Operating activities:				
Net loss	(499,922)	(498,337)	(1,533,641)	(225,881)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:				
Share-based compensation	2,252	8,173	16,045	2,363
Depreciation and amortization	152,311	215,075	263,038	38,741
Loss from disposal of property, plant and equipment	—	—	468,980	69,073
Accretion of interest expense	10,733	15,777	214	31
Fair value change of contingent earn-out liabilities	(6,164)	(42,404)	(97,417)	(14,348)
Deferred rent	182,275	57,550	(201,127)	(29,622)
Impairment loss	50,614	46,213	846,766	124,715
Changes in operating assets and liabilities:				
Accounts receivable	(160)	(831)	(644)	(95)
Amounts due from related parties	(9,963)	8,940	5,419	798
Prepaid rent and deposit	(75,939)	49,762	146,913	21,638
Advances to suppliers	(2,393)	4,891	47,985	7,067
Other current assets	(21,498)	1,960	44,756	6,592
Other assets	(188)	(5,557)	(51,187)	(7,539)
Accounts payable	3,543	16,306	115,201	16,967
Amounts due to related parties	6,922	(29,098)	3,473	512
Deferred revenue	22,182	17,489	(127,947)	(18,845)
Deposits from tenants	32,168	49,878	(161,525)	(23,790)
Accrued expenses and other current liabilities	36,179	(3,976)	269,539	39,701
Net cash (used in) provided by operating activities	**(117,048)**	**(88,189)**	**54,841**	**8,078**
Investing activities:				
Purchases of property and equipment	(674,298)	(341,708)	(99,172)	(14,606)
Payment for asset acquisition (Note 8)	—	—	(39,498)	(5,800)
Purchases of intangible assets	—	(613)	—	—
Cash payment for renovation	—	(29,078)	—	—
Reimbursement received for renovation payment	—	11,971	—	—
Collection of amount due from related parties	—	7,978	—	—
Net cash used in investing activities	**(674,298)**	**(351,450)**	**(138,670)**	**(20,406)**
Financing activities:				
Proceeds from issuance of ordinary shares	3	—	—	—
Proceeds from IPO, net off issuance cost of RMB 29,289	—	—	289,027	44,534
Proceeds from issuance of convertible notes	—	—	163,565	24,018
Payment for repurchase of ADS from certain investors into treasury shares	—	—	(248,859)	(36,653)

	For the years ended September 30,			
	2018	2019	2020	
	RMB	RMB	RMB	USD
Proceeds from short-term bank borrowings	100,000	84,000	351,046	51,703
Repayment of short-term bank borrowings	(49,000)	(79,000)	(65,000)	(9,573)
Proceeds from long-term bank borrowings	—	170,000	150,000	22,093
Repayment of long-term bank borrowings	(108,130)	(49,137)	(122,548)	(18,049)
Proceeds from rental installment loans	1,886,187	1,084,324	258,097	38,014
Repayment of rental installment loans	(1,523,136)	(1,442,810)	(924,171)	(136,116)
Acquisition of non-controlling interest	—	(8,000)	—	—
Proceeds from issuance of preferred shares, net of issuance costs	185,132	530,002	—	—
Proceeds from capital lease and other financing arrangement payable	54,722	327,584	65,415	9,635
Repayment of capital lease and other financing arrangement payable	(6,250)	(47,394)	(51,496)	(7,585)
Net cash provided by (used in) financing activities	**539,528**	**569,569**	**(134,924)**	**(17,979)**
Effect of foreign exchange rate changes	3,455	2,132	(295)	(104)
Net (decrease) increase in cash, cash equivalents and restricted cash	(248,363)	132,062	(219,048)	(30,411)
Cash, cash equivalents and restricted cash at the beginning of the year	367,115	118,752	250,814	35,090
Cash, cash equivalents and restricted cash at the end of the year	118,752	250,814	31,766	4,679
Supplemental disclosure of cash flow information:				
Interest paid, net of amounts capitalized	(68,636)	(79,601)	(16,628)	(2,449)
Income taxes paid	(1,222)	(57)	(90)	(13)
Reconciliation to amounts on the consolidated balance sheets:				
Cash and cash equivalents	103,752	159,799	22,879	3,370
Restricted cash	15,000	91,015	8,887	1,309
Total cash, cash equivalents and restricted cash	**118,752**	**250,814**	**31,766**	**4,679**
Supplemental schedule of non-cash investing and financing activities:				
Purchases of property and equipment included in payables	(411,451)	(253,447)	(97,835)	(14,410)
Acquisition of rental assets financed by ADS (Note 4)	—	—	(22,540)	(3,320)
Asset acquisition financed by payables and ADS (Note 8)	—	—	(455,541)	(65,873)
Purchases of property and equipment included in new capital lease	—	(21,279)	—	—
Conversion of Series A non-redeemable preferred shares and mezzanine into ordinary shares	—	—	(1,425,478)	(209,950)
Issuance of convertible notes to repurchase ADS from an investor	—	—	49,251	7,232

The accompanying notes are an integral part of these consolidated financial statements.

Q&K INTERNATIONAL GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Renminbi in thousands, except for share data and per share data, unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Q&K International Group Limited (the "Company" or "Q&K"), its subsidiaries and consolidated variable interest entities (the "Group") is a rental apartment operation platform in the People's Republic of China (the "PRC"), that provides rental and value-added services to young, emerging urban residents since 2012. The Group sources and converts apartments to standardized furnished rooms and leases to young people seeking affordable residence in cities in the PRC.

As of September 30, 2020, the Company's significant subsidiaries, variable interest entity (the "VIE") and the significant subsidiaries of the VIE are as follows:

Entity	Date of incorporation	Place of incorporation	Percentage of legal/beneficial ownership by the Company	Principal activities
Subsidiaries:				
QK365.com INC. (BVI)	September 29, 2014	BVI	100%	Holding
QingKe (China) Limited	July 7, 2014	Hong Kong	100%	Holding
Q&K Investment Consulting Co., Ltd. ("Q&K Investment Consulting" or the "WFOE")	April 2, 2015	PRC	100%	Holding and Operating
Qingke (Shanghai) Artificial Intelligence Technology Co., Ltd. ("Q&K AI")	May 13, 2019	PRC	100%	Holding and Operating
Chengdu Liwu Apartment Management Co., Ltd	June 19, 2020	PRC	100%	Operating
VIE:				
Shanghai Qingke E-Commerce Co., Ltd. ("Q&K E-commerce" or the "VIE")	August 2, 2013	PRC	100 %	Holding and Operating
Subsidiaries of the VIE:				
Shanghai Qingke Equipment Rental Co., Ltd. ("Q&K Rental")	March 17, 2015	PRC	100%	Operating
Shanghai Qingke Public Rental Housing Leasing Management Co., Ltd. ("Qingke Public Rental")	November 5, 2014	PRC	100%	Operating
Suzhou Qingke Information Technology Co., Ltd. ("Suzhou Qingke")	April 3, 2014	PRC	100 %	Operating

History of the Group and Reorganization

The Group began its operations through Shanghai Q&K Fashion Life Co., Ltd. ("Q&K Fashion") which was founded on November 8, 2007, by the parents of Jin Guangjie, who had transferred all voting rights to Jin Guangjie (the "Founder" or "CEO") by proxy agreements. On August 2, 2013, Q&K Fashion incorporated Q&K E-commerce. During the period from 2007 to 2014, Q&K Fashion undertook several rounds of equity financing and issued equity with preference rights to third party investors (Series A equity with preference rights). Since the date of incorporation, the Founder had held more than 50% controlling interests in Q&K Fashion. During 2014, Suzhou Qingke and Qingke Public Rental was formed and held by Q&K E-commerce in the PRC to become the main operating entities of the Group.

During 2014-2015, the Group underwent a series of reorganization activities ("the Reorganization") to redomicile its businesses from PRC to the Cayman Islands for an offshore holding structure.

On August 14, 2014, Q&K was founded in the Cayman Islands as an exempted company with limited liability under the laws of the Cayman Islands, which through an intermediate holding company in Hong Kong established Q&K Investment Consulting, or the "WFOE") as a wholly-owned subsidiary in the PRC in April 2015.

During March to April 2015, Q&K Fashion, through Q&K E-commerce, incorporated Q&K Rental, and transferred its entire net assets to Q&K Rental.

Further, the WFOE entered into a series of contractual arrangements (Note 2) with Q&K E-commerce (the "VIE") and the shareholders of the VIE. The contractual arrangements consisted of the shareholder voting proxy agreement, spousal consent letter, exclusive technology service agreement, exclusive option agreement and equity pledge agreement (the "VIE Agreements"). The Group believes that the VIE Agreements would enable the WFOE to (1) have power to direct the activities that most significantly affects the economic performance of the VIE and its subsidiaries and (2) receive the economic benefits of the VIE and its subsidiaries that could be significant to the VIE. Accordingly, the Group treats Q&K E-commerce and its subsidiaries as VIE and believes that the WFOE is the primary beneficiary of the VIE and its subsidiaries, the Group consolidated the financial results of the VIE.

The Company issued ordinary shares and Series A preferred shares to the shareholders of Q&K Fashion in the same proportions as the percentage of equity interest they held in Q&K Fashion.

Given that all the entities were controlled by the Founder, the above series of transactions were accounted for as a reorganization under common control.

The Company completed its initial public offering (IPO) on the Nasdaq Global Market in November 2019, for a net offering size of approximately US$44,534 (equivalent to RMB289,027). The Company offered 2,700,000 ADSs in the IPO, with each ADS represents 30 Class A ordinary shares, par value $0.00001 per share at $17 per ADS. In addition, the underwriters of the Company's IPO have exercised in full their over-allotment option to purchase additional 405,000 ADSs, with each ADS represents 30 Class A ordinary shares, par value $0.00001 per share at $17 per ADS.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP").

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Group's ability to generate cash flows from operations, and the Group's ability to arrange adequate financing arrangements, to support its working capital requirements.

Going concern

The Group has been incurring losses from operations since its inception. Accumulated deficits amounted to RMB 2,275,924 and RMB 3,809,516 as of September 30, 2019 and 2020, respectively. Net cash used in operating activities were RMB 117,048 and RMB 88,189 for the years ended September 30, 2018 and 2019, respectively, while the Company generated cash of RMB 54,841 from operating activities for the year ended September 30, 2020. As of September 30, 2019 and 2020, current liabilities exceeded current assets by RMB 1,100,604 and RMB 1,758,736, respectively.

In addition, the Company's operations have been affected by the outbreak and spread of the coronavirus disease 2019 (COVID-19), which in March 2020, was declared a pandemic by the World Health Organization. The COVID-19 outbreak is causing lockdowns, travel restrictions, and closures of businesses. The Company's businesses have been negatively impacted by the COVID-19 coronavirus outbreak to a certain extent.

Due to the outbreak of COVID-19, in early February 2020, the Chinese government required the nationwide closure of many business activities in the PRC to prevent the spread of COVID-19 and protect public health. During this period, the Company adopted a defensive strategy after a prudent assessment of the broader macroeconomic downturn by consolidating internal resources, further improving operating efficiencies and focusing on asset quality improvement rather than aggressive expansion. During the year ended September 30, 2020, the average month-end occupancy rate and the rental spread margin before discount for rental prepayments decreased as compared to fiscal year 2019 mainly due to the impact of COVID-19.

These factors raise substantial doubt about the Group's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Group is unable to continue as a going concern.

The Group intends to meet the cash requirements for the next 12 months from the issuance date of this report through a combination of bank loans, issuance of convertible notes, principal shareholder's financial support. The Group will focus on the following activities:

- In July 2020, the Company has executed a convertible note and warrant purchase agreement with two investors (Note 9). By the date of this report, the Company issued the several instalment of Notes and raised proceeds aggregating $34,848 (equivalent to RMB 237,096) from the investors. No issuance cost were incurred. The Company raised $22,818 (RMB 155,393), $1,200 (RMB 8,172), $7,120 (RMB 48,342) and $3,710 (RMB 25,189) in July, September, October and December 2020, respectively;
- In December 2020, the Company entered into two new bank borrowing agreements with Shanghai Huarui Bank (the "SHRB"), pursuant to which the Company borrowed RMB 25,929 and RMB8,998, respectively. The Company used the bank borrowings to repay the outstanding bank borrowings;
- In July and November 2020, the Company entered into two bank borrowing extension agreements with SHRB, pursuant to which the bank extended due date of one borrowing with the principal of RMB 27,000 to January through March of 2022, and due date of one borrowing with the principal of RMB 132,000 to October 2021; and
- In February 2021, a principal shareholder of the Company, has agreed to consider to provide necessary financial support in the form of debt and/or equity, to the Group to enable the Group to meet its other liabilities and commitments as they become due for at least twelve months from the issuance date of this consolidated financial statements.

However, future financing requirements will depend on many factors, including the scale and pace of the expansion of the Group's apartment network, efficiency in apartment operation, including apartment renovation and pricing, the expansion of the Group's sales and marketing activities, and potential investments in, or acquisitions of, businesses or technologies. Inability to access financing on favorable terms in a timely manner or at all would materially and adversely affect the Group's business, results of operations, financial condition, and growth prospects.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and consolidated variable interest entity and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation.

To comply with the PRC law and regulations which restrict foreign ownership of companies that provide value-added telecommunication services in the PRC, Q&K Investment Consulting entered into VIE Agreements with Q&K E-Commerce and its respective shareholders through which the Company became the primary beneficiary of Q&K E-Commerce and its subsidiaries.

The following is a summary of the key VIE Agreements:

Shareholder Voting Proxy Agreement

Q&K Investment Consulting, Q&K E-Commerce and the shareholders of Q&K E-Commerce entered into a shareholder voting proxy agreement on April 21, 2015. Pursuant to the voting proxy agreement, each shareholder of Q&K E-Commerce irrevocably authorizes any person(s) designated by Q&K Investment Consulting to act as his or her attorney-in-fact to exercise all of such shareholder's voting and other rights associated with the shareholder's equity interest in Q&K E-Commerce, such as the right to appoint or remove directors, supervisors and officers, as well as the right to sell, transfer, pledge and dispose of all or a portion of the shares held by such shareholder. The shareholder voting proxy agreement will remain in force unless Q&K Investment Consulting gives out any instruction in writing or otherwise.

Spousal Consent Letters

The spouse of one shareholder of the VIE who holds 10.47% equity interest in Q&K E-Commerce signed a spousal consent letter on April 14, 2015. Under the spousal consent letter, the signing spouse unconditionally and irrevocably agreed, respectively, that she was aware of the disposal of Q&K E-Commerce shares held by the shareholder in the abovementioned exclusive option agreement, equity pledge agreement, shareholder voting proxy agreement and power of attorney. The signing spouse confirmed not having any interest in the Q&K E-Commerce shares and committed not to impose any adverse assertions upon those shares. The signing spouse further confirmed that her consent and approval are not needed for any amendment or termination of the abovementioned agreements and committed that she shall take all necessary measures needed for the performance of those agreements.

Exclusive Technology Service Agreement

Q&K Investment Consulting and Q&K E-Commerce entered into an exclusive technology service agreement on April 21, 2015. Pursuant to this agreement, Q&K Investment Consulting or its designated party has the exclusive right to provide Q&K E-Commerce with consulting, software and technology services. Without Q&K Investment Consulting's prior written consent, Q&K E-Commerce shall not accept any technical support and services covered by this agreement from any third party. Q&K E-Commerce agrees to pay service fees equivalent to no less than 100% of its annual net profit. Q&K E-Commerce also agrees to pay service fees for any specific technology service and consultation service rendered by Q&K Investment Consulting at Q&K E-Commerce's request from time to time. Q&K Investment Consulting owns the intellectual property rights arising out of the provisions of services under this agreement. Unless terminated mutually, this agreement will remain effective for twenty years. This agreement will be automatically renewed for another ten years, unless there is any written objection rendered third days prior to its expiry.

Exclusive Option Agreement

Q&K Investment Consulting, Q&K E-Commerce and the shareholders of Q&K E-Commerce entered into an exclusive option agreement in 2015. Pursuant to the exclusive option agreement, Q&K E-Commerce and its shareholders have irrevocably granted Q&K Investment Consulting or any third party designated by Q&K Investment Consulting an exclusive option to purchase all or part of their respective equity interests in Q&K E-Commerce. The purchase price shall be the lower of (i) the amount that the shareholders contributed to Q&K E-Commerce as registered capital for the equity interests to be purchased, or (ii) the lowest price permitted by applicable PRC law. The shareholders of Q&K E-Commerce irrevocably agree that if such price is lower than what is allowed by PRC law, the purchase price should be equal to the lowest price allowed by PRC law. Q&K E-Commerce or its shareholders will repay Q&K Investment Consulting or any third party designated by Q&K Investment Consulting the purchase price within ten business days after Q&K E-Commerce or its shareholders receives such purchase price. In addition, Q&K E-Commerce granted Q&K Investment Consulting an exclusive option to purchase, or have its designated entity or person, to purchase, at its discretion, to the extent permitted under PRC law, all or part of Q&K E-Commerce's assets at the net book value of the transferred assets, or the lowest price permitted by applicable PRC law if the latter is higher than the relevant net book value.

Q&K Investment Consulting may transfer any of its rights or obligations under this agreement to a third party after notifying Q&K E-Commerce and its shareholders. Without Q&K Investment Consulting's prior written consent, the shareholders of Q&K E-Commerce shall not, among other things, amend its articles of association, increase or decrease the registered capital, sell, dispose of or set any encumbrance on its assets, business or revenue outside the ordinary course of business, enter into any material contract, merge with any other persons or make any investments, distribute dividends, or enter into any transactions which have material adverse effects on its business. The shareholders of Q&K E-Commerce also undertake that they will not transfer, pledge, or otherwise dispose of their equity interests in Q&K E-Commerce to any third party or create or allow any encumbrance on their equity interests. This agreement will remain effective until Q&K Investment Consulting or any third party designated by Q&K Investment Consulting has acquired all equity interest of Q&K E-Commerce from its shareholders.

Equity Pledge Agreement

Q&K Investment Consulting, Q&K E-Commerce and the shareholders of Q&K E-Commerce entered into an equity pledge agreement on April 21, 2015. Pursuant to the equity pledge agreement, each shareholder of Q&K E-Commerce has pledged all of its equity interest in Q&K E-Commerce to Q&K Investment Consulting to guarantee the performance by such shareholder and Q&K E-Commerce of their respective obligations under the exclusive technology service agreement, shareholder voting proxy agreements, and exclusive option agreement as well as their respective liabilities arising from any breach. If Q&K E-Commerce or any of its shareholders breaches any obligations under these agreements, Q&K Investment Consulting, as pledgee, will be entitled to dispose of the pledged equity and have priority to be compensated by the proceeds from the disposal of the pledged equity. Each of the shareholders of Q&K E-Commerce agrees that before its obligations under the contractual arrangements are discharged, he or she will not dispose of the pledged equity interests, create or allow any encumbrance on the pledged equity interests, or take any action which may result in any change of the pledged equity that may have material adverse effects on the pledgee's rights under this agreement without the prior written consent of Q&K Investment Consulting. The equity pledge agreement will remain effective until Q&K E-Commerce and its shareholders discharge all their obligations under the contractual arrangements. The Company has completed the registration of the equity pledge with the relevant office of the Administration for Industry and Commerce in accordance with PRC Property Rights Law on April 30, 2015.

The Group believes that the contractual arrangements with the VIE are in compliance with PRC law and are legally enforceable. However, uncertainties in the PRC legal system could limit the Group's ability to enforce the contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could:

- revoke the business and operating licenses of the Company's PRC subsidiaries and VIE;

- discontinue or restrict the operations of any related-party transactions between the Company's PRC subsidiaries and VIE;
- limit the Group's business expansion in China by way of entering into contractual arrangements;
- impose fines or other requirements with which the Company's PRC subsidiaries and VIE may not be able to comply;
- require the Company or the Company's PRC subsidiaries or VIE to restructure the relevant ownership structure or operations; or
- restrict or prohibit the Company's use of the proceeds of the additional public offering to finance the Group's business and operations in China.

The imposition of any of these penalties may result in a material adverse effect on the Group's ability to conduct its business. In addition, if the imposition of any of these penalties causes the Group to lose the rights to direct the activities of the VIE or the right to receive their economic benefits, the Group would no longer be able to consolidate the financial results of the VIE.

The following financial statement amounts and balances of the VIE and its subsidiaries were included in the accompanying consolidated financial statements after elimination of intercompany transactions and balances:

	As of September 30,		
	2019	2020	
	RMB	RMB	USD
ASSETS			
Cash and cash equivalents	55,926	15,227	2,243
Restricted cash	91,015	8,887	1,309
Accounts receivable	1,306	1,943	286
Amounts due from related parties	5,587	168	25
Prepaid rent and deposit	127,096	51,281	7,553
Advances to suppliers	64,028	32,122	4,731
Other current assets	146,316	44,400	6,539
Property and equipment, net	1,170,446	358,022	52,731
Intangible assets, net	1,240	222,123	32,715
Land use rights	10,734	10,448	1,539
Other assets	—	57,024	8,399
Total assets	**1,673,694**	**801,645**	**118,070**
Liabilities			
Accounts payable	277,103	294,469	43,371
Amounts due to related parties	3,121	6,594	971
Deferred revenue	78,540	152,619	22,478
Short-term debt	319,103	540,808	79,653
Rental installment loans	756,749	54,505	8,028
Deposits from tenants	163,203	82,191	12,105
Accrued expenses and other current liabilities	93,908	912,513	134,399
Long-term debt	428,345	464,920	68,475
Long-term deferred rent	387,739	212,054	31,232
Total liabilities	**2,507,811**	**2,720,673**	**400,712**

	For the years ended September 30			
	2018	2019	2020	
	RMB	RMB	RMB	USD
Net revenues	889,937	1,233,770	1,207,963	177,914
Net loss	(251,555)	(177,738)	(1,500,305)	(220,971)

	For the years ended September 30			
	2018	2019	2020	
	RMB	RMB	RMB	USD
Net cash provided by operating activities	10,964	393,847	72,293	10,648
Net cash used in investing activities	(515,360)	(351,450)	(99,172)	(14,606)
Net cash provided by (used in) financing activities	411,219	39,567	(95,948)	(14,132)

The consolidated VIE and VIE's subsidiaries contributed 100% of the Group's consolidated revenues for the years ended September 30, 2018, 2019 and 2020. As of September 30, 2019 and 2020, the consolidated VIE and VIE's subsidiaries accounted for an aggregate of 93% and 94%, respectively, of the Group's consolidated total assets, and 96% and 96%, respectively, of the Group's consolidated total liabilities.

There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Company or its subsidiaries to provide financial support to the VIE. However, if the VIE were ever to need financial support, the Group may, at its option and subject to statutory limits and restrictions, provide financial support to its VIE through loans to the shareholders of the VIE.

There are no assets held in the VIE and its subsidiaries that can be used only to settle obligations of the VIE and its subsidiaries, except for registered capital and the PRC statutory reserves. As the VIE and its subsidiaries are incorporated as a limited liability company under the PRC Company Law, creditors of the VIE do not have recourse to the general credit of the Company for any of the liabilities of the VIE. Relevant PRC laws and regulations restrict the VIE from transferring a portion of their net assets, equivalent to the balance of its statutory reserve and its share capital, to the Company in the form of loans and advances or cash dividends. Please refer to Note 15 for disclosure of restricted net assets.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. The Group bases its estimates on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant accounting estimates reflected in the Group's consolidated financial statements include the useful lives and impairment of property and equipment, valuation allowance of deferred tax assets, share-based compensation, contingent earn-out liabilities, convertible note, convertible redeemable preferred shares, Series A non-redeemable preferred shares and valuation of considerations paid for asset acquisition and valuation of assets acquired from asset acquisition.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and demand deposits, which are unrestricted as to withdrawal and use that which have original maturities of three months or less when purchased.

Restricted cash

Restricted cash mainly represents the Group's deposits to the bank as a form of security with respect to the Group's debt and tenants' repayment of rental installment loans. The cash held as deposits in the bank are not available to fund the general liquidity needs of the Group.

Accounts receivable

Accounts receivable mainly consist of rental receivables, which are recognized and carried at the original invoice amount less an allowance for doubtful accounts. The Group establishes an allowance for doubtful accounts primarily based on the credit risk of specific customers. In evaluating the credit risk of specific customers, the Group considers several factors, including the age of the balance, the customers' payment history and their current credit worthiness, and current economic trends.

Property and equipment, net

Property and equipment, net are stated at cost less accumulated depreciation and impairment losses. The renovations and interest cost incurred during construction are capitalized. Depreciation of property and equipment is provided using the straight-line method over their expected useful lives. The expected useful lives are as follows:

Leasehold improvements	Shorter of the lease term or their estimated useful lives
Buildings	45 years
Furniture, fixtures and equipment	5-8 years
Motor vehicles	8 years

Construction in progress represents leasehold improvements under construction or being installed and is stated at cost. Cost comprises original cost of property and equipment, installation, construction and other direct costs. Construction in progress is transferred to leasehold improvements and depreciation commences when the asset is ready for its intended use.

Expenditures for repairs and maintenance are expensed as incurred. Gain or loss on disposal of property and equipment, if any, is recognized in the consolidated statements of comprehensive loss as the difference between the net sales proceeds and the carrying amount of the underlying asset.

Capitalization of interest

Interest cost incurred on funds used to construct leasehold improvements during the active construction period is capitalized. The interest capitalized is determined by applying the borrowing interest rate to the average amount of accumulated capital expenditures for the assets under construction during the period. Total interest expenses incurred were RMB113,917 and RMB 134,092 for the years ended September 30, 2019 and 2020, respectively, out of which the capitalized amount were RMB19,542 and nil, respectively.

Intangible assets, net

On July 22, 2020, the Company entered into a series of asset purchase agreements with Great Alliance Coliving Limited. and its affiliates ("Beautiful House") to acquire assets, including approximately 72,000 apartment rental contracts with leasehold improvements attached to them, and trademarks of Beautiful House. In addition, the Company also assumed liabilities associated with acquired assets. The Company accounted for the acquisition as an asset acquisition because the Company did not acquire substantive process from Beautiful House.

The total consideration, after deducting the liabilities assumed in the asset acquisition, was allocated to identified apartment rental contracts and trademarks on the basis of their relative fair value. See Note 8.

Purchased intangible assets are mainly comprised of software.

Separately identifiable intangible assets that have determinable lives continue to be amortized over their estimated useful lives using the straight-line method as follows:

Apartment rental contracts	Shorter of the lease term or 8 years
Trademarks	8 years
Software	10 years

Land use rights

Land use rights, which are all located in the PRC, are recorded at cost and amortized on a straight-line basis over the remaining term of the land certificates, which is between 30 to 50 years. Amortization expense of land use rights for the years ended September 30, 2018, 2019 and 2020 amounted to RMB286, RMB286 and RMB286, respectively.

Impairment of long-lived assets

The Group evaluates its long-lived assets and finite lived intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, the Group measures impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss equal to the difference between the carrying amount and fair value of these assets.

The Group performed an impairment test of its long-lived assets associated with certain apartments due to the continued underperformance relative to the projected operating results, and recognized impairment losses of RMB50,614, RMB46,213 and RMB 846,766 during the years ended September 30, 2018, 2019 and 2020, respectively.

Capital lease and other financing arrangement

Leases of leasehold improvements or furniture, fixtures and equipment that transfer to the Group substantially all of the risks and rewards of ownership by the end of the lease term are classified as capital leases. The leasehold improvements and liability are measured initially at an amount equal to the lower of their fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under capital leases are apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

The Company started to cooperate with a rental service company to source and renovate apartments since August 2018. For certain identified newly sourced apartments, the rental service company reimburses the Company for costs incurred for the renovation. The Company then makes payments to the rental service company in installments equal to the reimbursed renovation costs plus interest and tax over a period of five years. At the end of the five-year period, the ownership of the renovation will be transferred to the Company. The Company accounts for this arrangement with the rental service company as a capital lease.

As of September 30, 2020, the Company had capital lease payable of RMB 73,430. The leasehold improvements or furniture, fixtures and equipment used in apartments obtained under such capital lease arrangements are with aggregate initial value of RMB 136,146 and carrying value of RMB 50,432 as of September 30, 2020.

Under the same arrangement above, the Company also sells leasehold improvements and furniture, fixtures and equipment of certain existing apartments to the rental service company at carrying value and simultaneously leases them back. Such transaction fails sales and lease-back accounting and is accounted for as a financing arrangement. The proceeds received from the rental service company are reported as other financing arrangement payable. As of September 30, 2020, the Company has RMB 371,124 other financing arrangement payable. The underlying leasehold improvements and furniture, fixtures and equipment are with aggregate initial value of RMB 374,609 and carrying value of RMB 138,764 as of September 30, 2020.

Contingent earn-out liabilities

The Group records contingent earn-out liabilities related to the EBITDA feature of Series C and Series C-1 convertible redeemable preferred shares at fair value. The Group measures the fair value of the contingent earn-out liabilities and records increases or decreases in its fair value as an adjustment to accumulated deficit. Series C and Series C-1 convertible redeemable preferred shares were converted into ADS upon the Company's successful listing on Nasdaq in November 2019. As of September 30, 2019 and 2020, the balance of contingent earn-out liabilities were RMB97,417 and RMB nil, respectively. See Note 11.

Lease accounting with tenants

The Group sources apartments from landlords and converts them into standardized furnished rooms to lease to tenants seeking affordance residences in China. Revenues are primarily derived from the lease payments from its tenants and are recorded net of tax.

The Group typically enters into 12 to 26-month leases with tenants and a majority of which have a lock-in period of 12 months or longer. The lock-in period represents the term during which termination will result in the forfeiture of deposit, which is typically 1 or 2 months' rent. The Group determines that the lock-in period is the lease term under ASC 840. Upon termination of leases, the Group returns unused portions of any prepaid rentals to the tenant within a prescribed period of time. Deposit can only be returned for termination after lock-in period. Monthly rent is fixed throughout the lease term and there is no rent-free period or rent escalations during the period. The Group determines all lease arrangements with tenants are operating leases since the benefits and risks incidental to ownership remains with the Group. Revenue is recognized on a straight-line basis starting from the commencement date stated in the lease agreements.

In April 2020, the Group started to modify arrangements with a rental service company (See ***Capital lease and other financing arrangement)*** for apartments in certain cities. For some apartments under this arrangement, the Group no longer leases in apartments from the rental service company or enters into new lease-out agreements with tenants. Instead, the Group transferred existing leases with tenants to the rental service company. The rental service company maintains the lease-in agreements with the landlords of the apartments, collects rental from the tenants directly and enters into lease-out agreements with new tenants directly. The Group and a third-party contractor are engaged by the rental service company to manage these apartments. Pursuant to this arrangement, the Group is responsible for supervising the third-party contractor including in its identification of potential tenants and daily operation, and receives fee income equals to the rental income from tenants minus the rental fee to landlords. For each of these apartments, if the rental collected from the tenants is less than the rental paid to the landlords, the Group is required to pay the rental service company this difference. As of September 30, 2020, the Group had transferred 25,375 of its rental units contracted and managed these rental units under this modified arrangement. Referring to ASC 840-10-15-6(a), the Group determines that it leases-in apartments from the rental service company, and leased-out apartment to tenants through the rental service company, because the Group has the ability and right to operate the apartments while obtaining more than a minor amount of the output of the apartments. The lease term ranged between 12 and 26 months, and a majority of which have a lock-in period of 12 months or longer. Monthly rent with tenants is fixed throughout the lease term and there is no rent-free period or rent escalations during the period. The Group determines all lease arrangements with tenants are operating leases since the benefits and risks incidental to ownership remains with the Group. Revenue is recognized on a straight-line basis starting from the commencement date stated in the lease agreements.

The cost for leasehold improvements and furniture, fixtures and equipment used in apartments were RMB 449,637 and RMB 212,483, respectively, the accumulated depreciation was RMB 146,402 and RMB 49,861, respectively and the impairment losses was RMB 132,972 and RMB 90,312, respectively as of September 30, 2020. Future rentals expected to be collected from outstanding leases existing as of September 30, 2020 totaled RMB 510,077, for which RMB 508,423 and RMB 1,654 to be collected for the year ending September 30, 2021 and 2022, respectively.

Rental incentives

Tenants who prepay rent are entitled to rental discounts. Tenants who prepay rent of at least the first six months of the lease term can enjoy a 5% rental discount, and tenants who prepay at least the first twelve months of lease term rental can enjoy a 10% rental discount (subject to a RMB200 limit per month). Such incentives are only applicable during the lock-in period. The Group considers the rental discounts as a lease incentive and records it as a reduction in revenue on a straight line basis over the lease term. The Group recorded RMB61,317, RMB72,367 and RMB 12,921 of rental incentives for the years ended September 30, 2018, 2019 and 2020, respectively.

Rental installment loan arrangement

In order to encourage tenants to make advance payments, the Group cooperates with various financial institution partners to facilitate rental installment loans for its tenants, who apply for rental installment loans directly with these financial institutions. The financial institutions approve or decline the rental installment loans based on the tenants credit profile, and approval of the rental installment loans are not guaranteed to the tenants at lease inception. If the loans are approved by the financial institution partners, the proceeds, which represent the total rental payments for the period covered under the lease agreement, are remitted to the Group by way of the tenant's entrustment loan. The proceeds would then be applied to the tenants' rental payments on monthly basis. The Group records the entire prepayment as rental installment loans. Tenants repay the loan principal in monthly installments directly to the financial institutions which equals to the monthly rental payment. The Group pays installment loan interests on behalf of the tenants and recognizes such payments as interest expense in the consolidated statements of comprehensive loss.

The Group also provides guarantee to these financial institutions with respect to the tenants' repayment of the loans. In the event that the tenants default on the repayment or early terminate the lease agreements, the Group must return the remaining prepayments to the financial institutions within a prescribed period of time. Under the rental installment loan scheme, the Group has full control of the entire installment loan proceeds and the security deposits collected from the tenants at lease inception are usually sufficient to cover for the delinquent payments from default. As such, the Group determines that guarantee liability to be nil for the years ended September 30, 2019 and 2020.

Impact on cash flows

For rental installment loans received directly from financial institutions, the Group determines the substance of the arrangement as akin to a debt from its tenants, and as such, this portion was classified as a cash inflow from financing activities within the Group's consolidated statements of cash flows. During the lease term, constructive receipts and disbursements are recognized on a monthly basis by recognizing the repayment of rental installment loans as a financing cash outflow and the receipt of monthly rental income as an operating cash inflow.

Rental prepayments received directly from tenants were recorded as deferred revenue in the consolidated balance sheets and classified as a cash inflow from operating activities.

Lease accounting with landlords

The Group leases apartments from landlords usually for a period of five to six years which may be extended for an additional three or two years at the discretion of the landlords. Since all the benefits and risks incidental to ownership remains with the landlord, the Group determines that these arrangements are operating leases. The Group typically negotiates a rent free period of 90-120 days and locks in a fixed rent for the first three years and approximately 5% annual, non-compounding increase for the rest of the lease period. As such, typically all leases with landlords contain rent holidays and fixed escalations of rental payments during the lease term. The Group determines the lease term under ASC 840 to include the years that can be early terminated by the landlords. The Group records total lease expense on a straight-line basis over the lease term and the difference between the straight-line lease expense and cash payments under the lease is recorded as deferred rent on the consolidated balance sheets. As of September 30, 2019 and 2020, deferred rent of RMB28,415 and RMB 2,503 were recorded in accrued expenses and other current liabilities and RMB387,739 and RMB 212,054 were recorded as long-term deferred rent, respectively.

Rental expense to the landlords recorded in consolidated statements of comprehensive losses were RMB755,380, RMB1,003,572 and RMB 813,773 for the years ended September 30, 2018, 2019 and 2020, respectively.

Value-added services and others

The Company adopted ASC 606, Revenue from Contracts with Customers ("ASC 606") on October 1, 2019, using the modified retrospective approach. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The Company has assessed the impact of the guidance by reviewing its existing customer contracts and current accounting policies and practices to identify differences that will result from applying the new requirements, including the evaluation of its performance obligations, transaction price, customer payments, transfer of control and principal versus agent considerations. Based on the assessment, the Company concluded that there was no change to the timing and pattern of revenue recognition for its current revenue streams in scope of ASC 605 and therefore there was no material changes.

In accordance with ASC 606, revenues are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products. The Company also evaluates whether it is appropriate to record the gross amount of product sales. When the Company is a principal, that the Company obtains control of the specified goods before they are transferred to the customers, the revenues should be recognized in the gross amount of consideration to which it expects to be entitled to in exchange for the specified goods transferred. Revenues are recorded net of value-added taxes.

For the year ended September 30, 2020, the Group generated revenues from provision of value-added services. Value-added services and others primarily consist of fees received from the tenants from the Group's provision of internet connection and utility services as part of the lease agreement.

The service fees from tenants are fixed in the agreements and is collected on a monthly basis. The Croup recognized on a monthly basis during the period of the lease term. The service fees are recognized on a gross basis as the Group is the primary obligor in provision of such services and has discretion in establishing transaction prices.

Pre-operation expenses

The Group expenses certain costs incurred in connection with apartment pre-operation activities, mainly including rental expenses and sourcing staff costs incurred before an apartment is ready for lease.

Selling and marketing expenses

Sales and marketing expenses consist primarily of online and offline marketing expenses, promotion expenses, staff costs of sales personnel and other related incidental expenses that are incurred indirectly to attract or retain tenants for the Group. Advertising expenses incurred were RMB35,270, RMB39,583 and RMB 10,773 for the years end September 30, 2018, 2019 and 2020, respectively.

Research and development expenses

Research and development expenses include payroll expenses, employee benefits, and other headcount-related expenses associated with platform development and big data analysis to support the Group's business operations.

Employee benefit expenses

As stipulated by the regulations of the PRC, full-time employees of the Group are entitled to various government statutory employee benefit plans, including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to make contributions to the plan and accrues for these benefits based on certain percentages of the qualified employees' salaries. The total expenses the Group incurred for the plan were RMB17,953, RMB20,051 and RMB 18,283 for the years ended September 30, 2018, 2019 and 2020, respectively.

PRC value-added taxes and related taxes

The Group is subject to value-added taxes at the rate of 6%, 9% and 13%, education surtax and urban maintenance and construction tax, on the services provided in the PRC. Education surtax and urban maintenance and construction tax are primarily levied based on revenue at applicable rates and are recorded as a reduction of revenues.

Income taxes

Current income taxes are provided on the basis of profit before income tax for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. The Group follows the asset and liability method of accounting for income taxes.

Deferred income taxes are provided using assets and liabilities method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such determination, the management considers all positive and negative evidence, including future reversals of projected future taxable income and results of recent operation.

In order to assess uncertain tax positions, the Group applies a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Group recognizes interest and penalties, if any, under accrued expenses and other current liabilities on its consolidated balance sheet and under other expenses in its consolidated statement of comprehensive loss. As of September 30, 2019 and 2020, the Group did not have any significant unrecognized uncertain tax positions.

Treasury shares

The Company accounts for treasury shares using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury shares account on the consolidated balance sheets. At retirement of the treasury shares, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury shares over the aggregate par value is allocated between additional paid-in capital (up to the amount credited to the additional paid-in capital upon original issuance of the shares) and retained earnings. For the year ended September 30, 2020, the Group repurchased 77,250,000 ordinary shares from certain major investors in the IPO, through cash payment of RMB 248,859 and issuance of convertible notes of RMB 49,251 (equivalent to $7,232). As of September 30, 2020, the treasury shares account includes the 77,250,000 ordinary shares with total balance of RMB 298,110 at the IPO price of $17 per ADS.

Foreign currency translation

The reporting currency of the Group is the Renminbi ("RMB"). The functional currency of the Group's entities incorporated in Cayman Islands, the United States and Hong Kong is the United States dollar ("US dollar") and the functional currency of the Group's PRC subsidiaries is RMB. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into the functional currency at the applicable rates of exchange prevailing on the day transactions occurred. Transaction gains and losses are recognized in the consolidated statements of comprehensive loss.

The financial statements of the Group's non PRC entities are translated from their respective functional currency into RMB. Assets and liabilities are translated into RMB at the exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of other comprehensive loss in the consolidated statements of comprehensive loss.

The financial records of the Group's subsidiaries are maintained in local currencies, which are the functional currencies.

Convenience translation

The Group's business is primarily conducted in the PRC and all of the revenues are denominated in RMB. The financial statements of the Group are stated in RMB. Translations of balances in the consolidated balance sheet, and the related consolidated statements of comprehensive loss, shareholders' equity and cash flows from RMB into US dollars as of and for the year ended September 30, 2020 are solely for the convenience of the readers and were calculated at the rate of USD1.00=RMB 6.7896, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on September 30, 2020. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into USD at that rate on September 30, 2020, or at any other rate.

Concentration of credit risk

Financial instruments that potentially expose the Group to concentration of credit risk consist primarily of cash and cash equivalents, restricted cash and, account receivables and amounts due from related parties.

All of the Group's cash and cash equivalents and restricted cash are held with financial institutions that Group management believes to be high credit quality. The Group conducts credit evaluations on its tenants and generally require deposits from tenants as collateral. The Group periodically evaluates the creditworthiness of the existing tenants in determining an allowance for doubtful accounts primarily based upon the age of the receivables and factors surrounding the credit risk of specific customers.

Other risks

The Company's business, financial condition and results of operations may also be negatively impacted by risks related to natural disasters, extreme weather conditions, health epidemics and other catastrophic incidents, which could significantly disrupt the Company's operations.

Coronavirus ("COVID-19") Impact

The Company's operations have been affected by the outbreak and spread of the coronavirus disease 2019 (COVID-19), which in March 2020, was declared a pandemic by the World Health Organization. The COVID-19 outbreak is causing lockdowns, travel restrictions, and closures of businesses. The Company's businesses have been negatively impacted by the COVID-19 coronavirus outbreak to a certain extent.

Due to the outbreak of COVID-19, in early February 2020, the Chinese government required the nationwide closure of many business activities in the PRC to prevent the spread of COVID-19 and protect public health. During this period, the Company adopted a defensive strategy after a prudent assessment of the broader macroeconomic downturn by consolidating internal resources, further improving operating efficiencies and focusing on asset quality improvement rather than aggressive expansion. During the year ended September 30, 2020, the average month-end occupancy rate and the rental spread margin before discount for rental prepayments decreased as compared to fiscal year 2019 mainly due to the impact of COVID-19.

As of the filing date of the consolidated financial statements, the spread of COVID-19 in China appears to have slowed down and most provinces and cities have resumed business activities under the guidance and support of the local government. However, based on the assessment of current economic environment, customer demand and revenue trend, and the negative impact from COVID-19 outbreak and spread, it appears that the Company's revenue and operating cash flows may continue to underperform in the next 12 months. Further, a resurgence could further negatively affect both major business segments and impair their ability to regain pre-covid operating levels . As such, the future impact of COVID-19 is still highly uncertain and cannot be predicted as of the financial statement reporting date.

Fair value

The Group defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The established fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs may be used to measure fair value include:

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Group's financial instruments include cash and cash equivalents, restricted cash, accounts receivable, amounts due from related parties, accounts payable, amounts due to related parties, short-term debt, rental installment loans, deposits from tenants, other current liabilities, long-term debt, convertible note, and contingent earn-out liabilities.

The following table summarizes the fair value of the Group's financial liabilities that are accounted for at fair value on a recurring basis, by level within the fair value hierarchy, as of September 30, 2019 and 2020:

			Fair Value Measurements at Reporting Date Using			
Years Ended September 30,	Description	Fair Value as of September 30 RMB	Quoted Prices in Active Markets for Identical Assets (Level 1) RMB	Significant Other Observable Inputs (Level 2) RMB	Significant Unobservable Inputs (Level 3) RMB	Total Gain for the Year Ended September 30, RMB
2019	Contingent earn-out	97,417			97,417	42,404
2020	liabilities	—			—	97,417

The Group determines the fair value with the help from third party professional valuation specialists, and the assumptions used in estimating fair value require significant judgment. The use of different assumptions and judgments could result in a materially different estimate of fair value. Key inputs in determining the fair value of the contingent earn-out liabilities include assumptions such as operating income, operating cost, number of new apartments acquired, probabilities of qualified IPO, etc., and changes in these assumptions would affect the number and value of future additional shares to be issued. Contingent earn-out liabilities are classified in Level 3 of the valuation hierarchy. See Note 11 for contingent earn-out liabilities.

The following table presents the Group's assets measured at fair value on a non-recurring basis for the years ended September 30, 2018, 2019 and 2020:

			Fair Value Measurements at Reporting Date Using			
Years Ended September 30,	Description	Fair Value as of September 30 RMB	Quoted Prices in Active Markets for Identical Assets (Level 1) RMB	Significant Other Observable Inputs (Level 2) RMB	Significant Unobservable Inputs (Level 3) RMB	Total Loss for the Year Ended September 30, RMB
2018	Property and	103,399			103,399	50,614
2019	equipment	124,993			124,993	46,213
2020		93,635			93,635	313,354
2020	Apartment rental agreements	134,452			134,452	425,341
2020	Trademarks	86,900			86,900	108,071

Fair value of the property and equipment was determined by the Group based on the income approach using the discounted cash flow associated with the underlying assets, which incorporated certain assumptions including projected rooms' revenue, growth rates and projected operating costs based on current economic condition, expectation of management and projected trends of current operating results. As a result, the Group has determined that the majority of the inputs used to value its property and equipment are unobservable inputs that fall within Level 3 of the fair value hierarchy. The revenue growth rate and the discount rate were the significant unobservable inputs used in the fair value measurement, which were 2% and 11% for the year ended September 30, 2018, and 4% and 10% for the year ended September 30, 2019, and 3% and 11% for the year ended September 30, 2020, respectively.

As a result of reduced expectations of future cash flows from certain leased apartments, the Group determined that the property and equipment was not fully recoverable and consequently recorded impairment charges of RMB50,614, RMB46,213 and RMB 313,354 for the years ended September 30, 2018, 2019 and 2020, respectively.

The Group acquired from Great Alliance Coliving Limited. and its affiliates ("Beautiful House") certain assets, including approximately 72,000 apartment rental contracts and leasehold improvements attached to the apartments, and trademarks of Beautiful House. The Company determined the estimated fair values using Level 3 inputs after review and consideration of relevant information, which are unobservable inputs that fall within Level 3 of the fair value hierarchy.

- The apartment rental agreements with both landlords and tenants were valued using the multiperiod excess earnings method, which incorporated certain assumptions including projected rooms' revenue, growth rates and projected operating costs based on current economic condition, expectation of management and projected trends of current operating results. The revenue growth rate and the discount rate were the significant unobservable inputs used in the fair value measurement, which were negative 12.5% and 19%, and
- the trademarks were valued using the relief from royalty method, which incorporated certain assumptions including projected revenues contributed by trademarks, royalty savings and projected trends of operating results. The revenue growth rate and the discount rate were the significant unobservable inputs used in the fair value measurement, which were negative 10% and 19%

As of September 30, 2020, the Group reviewed the fair value of the apartment rental agreements and trademarks based on the income approach using the discounted cash flow associated with the underlying assets, which incorporated certain assumptions including projected rooms' revenue, growth rates and projected operating costs based on current economic condition, expectation of management and projected trends of current operating results. As a result, the Group has determined that the majority of the inputs used to value its property and equipment are unobservable inputs that fall within Level 3 of the fair value hierarchy. The revenue growth rate and the discount rate were the significant unobservable inputs used in the fair value measurement, which were negative 12.5% and 11% for the year ended September 30, 2020. As a result of reduced expectations of future cash flows from certain leased apartments, the Group determined that neither apartment rental contracts nor trademarks were fully recoverable and consequently recorded impairment charges of RMB425,341 and RMB 108,071, respectively, for the year ended September 30, 2020.

The financial instruments primarily including cash and cash equivalents, restricted cash, account receivables, amounts due from related parties, account payables, amounts due to related parties, short-term debt, rental installment loans, deposits from tenants, other liabilities, are carried at cost which approximates their fair value due to the short-term nature of these instruments. The convertible note and long-term debt approximates their fair values, because the bearing interest rate approximates market interest rate, and market interest rates have not fluctuated significantly since the commencement of loan contracts signed.

Share-based compensation

The Group recognizes share-based compensation in the consolidated statements of comprehensive loss based on the fair value of equity awards on the date of the grant, with compensation expenses recognized over the period in which the grantee is required to provide service to the Group in exchange for the equity award. Vesting of certain equity awards are based on the completion of initial public offering ("IPO") and has a continued employment provision for a period of time following the grant date. The share-based compensation expenses have been categorized as either general and administrative expenses, research and development expenses or selling and marketing expenses, depending on the job functions of the grantees. For the years ended September 30, 2018, 2019 and 2020, the Group recognized share-based compensation expenses of RMB2,252, RMB8,173 and RMB 16,045, respectively, in the consolidated statements of comprehensive loss.

Losses per share

Basic losses per share are computed by dividing net loss attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period.

The Group's preferred shares are participating securities as the preferred shares participate in undistributed earnings on an as-if-converted basis. Accordingly, the Group uses the two-class method of computing earnings per share. For the years ended September 30, 2018, 2019 and 2020, two-class method was not applicable as the Group had a net loss while the preferred shares do not have contractual obligations to share in the losses of the Group.

Diluted loss per ordinary share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. Potential ordinary shares, including preferred shares, convertible notes, share options and warrants are excluded from the computation in income periods should their effects be anti-dilutive. The Group had convertible redeemable and non-redeemable preferred shares, share options, convertible notes and warrants, which could potentially dilute basic earnings per share in the future. To calculate the number of shares for diluted loss per share, the effect of the convertible redeemable and non-redeemable preferred shares, share options and warrants is computed using the two-class method or the as-if converted method, whichever is more dilutive.

Segment reporting

The Group uses management approach to determine operation segment. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker (''CODM'') for making decisions, allocation of resource and assessing performance.

The Group's CODM has been identified as the Chief Executive Officer who reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group. The Group operates and manages its business as a single operating segment.

The Group's long-lived assets are all located in the PRC and all of the Group's revenues are derived from within the PRC. Therefore, no geographical segments are presented.

Asset acquisition

Referring to FASB ASC Topic 805-10-55-5, the Company applied two steps (including step 1, screen test and step 2, evaluation of process and input) in evaluating whether the acquisition is an asset acquisition or a business combination.

The Company measures and recognizes asset acquisitions that are not deemed to be business combinations based on the cost to acquire the assets, which includes transaction costs. Goodwill is not recognized in asset acquisitions, any excess consideration transferred over the fair value of the net assets acquired is allocated on a relative fair value basis to the identifiable net assets.

Recent accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance supersedes existing guidance on accounting for leases with the main difference being that operating leases are to be recorded in the statement of financial position as right-of-use assets and lease liabilities, initially measured at the present value of the lease payments. For operating leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. For public business entities, the guidance is effective for fiscal years beginning after December 15, 2018, including final periods within those fiscal years. In transition, entities are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In July 2018, the FASB issued ASU No. 2018-10 Codification Improvements to Topic 842, Leases and ASU No. 2018-11, Leases (Topic 842), Targeted Improvements. ASU No. 2018-10 affects narrow aspects of the guidance issued in the amendments in Update 2016-02 and ASU No. 2018-11 allows for an additional optional transition method where comparative periods presented in the financial statements in the period of adoption will not be restated and instead, companies will recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. In November 2019, the FASB issued ASU 2019-10, Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates. ASU 2019-10 amends the effective dates for ASU 2016-02. The Group is an EGC and expects to adopt ASU 2016-02 utilizing the optional transition approach allowed under ASU 2018-11 and apply the package of practical expedients beginning October 1, 2021. The Group expects material changes to its consolidated balance sheet to recognize right-of-use lease assets and related lease liabilities for operating leases. The Group is in the process of evaluating the impact on its consolidated financial statements upon adoption.

In June 2016, the FASB issued ASU 2016-13, Credit Losses, Measurement of Credit Losses on Financial Instruments. This ASU provides more useful information about expected credit losses to financial statement users and changes how entities will measure credit losses on financial instruments and timing of when such losses should be recognized. This ASU is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted for all entities for annual periods beginning after December 15, 2018, and interim periods therein. The updates should be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). ASU 2019-10 amends the effective dates for ASU 2016-13. The Group is an EGC and has elected to adopt the new standard as of the effective date applicable to nonissuers and will implement the new standard on October 1, 2023. The Group is in the process of evaluating the impact on its consolidated financial statements upon adoption.

In August 2018, the FASB released ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement. ASU 2018-13 modifies the disclosure requirements on fair value measurements. The provisions of ASU 2018-13 are to be applied using a prospective or retrospective approach, depending on the amendment, and are effective for interim periods and fiscal years beginning after October 1, 2020, with early adoption permitted. The Group does not believe the standard will materially affect the consolidated statements of income or consolidated statements of cash flows.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes. ASU 2019-12 is intended to simplify accounting for income taxes. It removes certain exceptions to the general principles in Topic 740 and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years, which is 2022 fiscal year for the Company, with early adoption permitted. The Company does not expect adoption of the new guidance to have a significant impact on its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, "Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting," which expands the scope of ASC 718 to include share-based payment transactions for acquiring goods and services from non-employees. An entity should apply the requirements of ASC 718 to non-employee awards except for specific guidance on inputs to an option pricing model and the attribution of cost. The amendments specify that ASC 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The Company adopted the new guidance beginning on October 1, 2019. The adoption of this guidance did not have a material impact on our financial position, results of operations and cash flows.

3. OTHER CURRENT ASSETS

	As of September 30,	
	2019	2020
Due from a rental service company[(1)]	43,786	52,410
Deductible input value added tax	93,008	35,660
Due from a service provider[(2)]	—	9,501
Others	9,765	4,232
Total	**146,559**	**101,803**

(1) As of September 30, 2020 and 2019, the balance due from a rental service company represented the reimbursement renovation costs due from the rental service company. The Company started to cooperate with a rental service company to source and renovate apartments since August 2018. For certain identified newly sourced apartments, the rental service company reimburses the Company for costs incurred for the renovation. The Company then makes payments to the rental service company in installments equal to the reimbursed renovation costs plus interest and tax over a period of five years.

(2) Upon asset acquisition with Beautiful House (Note 8), the Group engaged a third party service provider to provide apartment operation services to the Group. To support the operation services, the Company made interest free loans to the service provider and the loans are repayable on demand.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	As of September 30,	
	2019	2020
Cost:	1,914,041	725,834
Buildings	40,167	40,167
Leasehold improvements	1,308,310	449,637
Furniture, fixtures and equipment used in apartments	542,855	212,483
Vehicle	1,710	3,043
Office furniture, fixtures and equipment	20,999	20,504
Less: Accumulated depreciation	(551,154)	(217,582)
Less: Impairment	(208,328)	(223,284)
Construction in progress	30,752	73,054
Property and equipment, net	**1,185,311**	**358,022**

In December 2019, the Company acquired from a third party certain rental assets with fair value of RMB 22,540. The consideration was 7,662,060 shares of the Company's Class A ordinary shares. As of September 30, 2020, the share consideration was not paid and was in the account of "additional paid-in capital".

Depreciation expenses were RMB151,543, RMB214,192, and RMB187,092 for the years ended September 30, 2018, 2019 and 2020, respectively.

5. INTANGIBLE ASSETS, NET

Intangible assets, net consist of the following:

	As of September 30,	
	2019	2020
Cost:	2,275	832,223
Apartment rental contracts	—	634,977
Trademarks	—	194,971
Software	2,275	2,275
Less: Accumulated amortization	(1,027)	(76,688)
Less: Impairment	—	(533,412)
Intangible assets, net	**1,248**	**222,123**

Amortization expenses were RMB 178, RMB 178, and RMB 75,660 for the years ended September 30, 2018, 2019 and 2020, respectively.

The following table sets forth the Group's amortization expenses for the five years since September 30, 2020:

	Amortization expenses
Year ending September 30, 2021	60,880
Year ending September 30, 2022	46,343
Year ending September 30, 2023	36,079
Year ending September 30, 2024	24,150
Year ending September 30, 2025 and thereafter	54,671
	222,123

6. DEBT

The short-term and long-term debt as of September 30, 2019 and 2020 were as follows:

	As of September 30,	
	2019	2020
Short-term debt:		
Short-term bank borrowings[1]	65,000	176,752
Long-term bank borrowings, current portion[1]	150,653	159,721
Capital lease and other financing arrangement payable, current portion[2]	103,450	201,835
Other short-term payable[3]	—	223,828
Subtotal	319,103	762,136
Long-term debt:		
Long-term bank borrowings, non-current portion[1]	102,473	196,682
Capital lease and other financing arrangement payable, non-current portion[2]	298,682	242,719
Other long term payable[3]	27,190	25,519
Subtotal	428,345	464,920
Total	**747,448**	**1,227,056**

(1) ***Bank borrowings***

On September 26, 2016, the Group entered into a three-year bank credit facility with Shanghai Huarui Bank (the "SHRB") under which the Group can draw-down up to RMB300,000 by September 26, 2019. The interest rate for this credit facility was determined on the draw-down date. The weighted average interest rate for borrowings drawn under such credit facility was 7.5% and 7.5% per annum for the years ended September 30, 2018 and 2019, respectively. The credit facility is collateralized by future cash flows generated by rental service revenue of certain rental units of the Group. The three-year revolving bank credit facility matured in September 2019. As of September 30, 2020, the Group had an outstanding balance of RMB 194,929, which was subject to an interest rate of 8.75% for the year ended September 30, 2020. In July and November 2020, SHRB extended due date of borrowing for the principal of RMB 27,000 to January through March of 2022, and due date of borrowing for the principal of RMB 132,000 to October 2021. In December 2020, the Company borrowed two new bank borrowing from SHRB with principal of RMB 25,929 and RMB8,998, respectively. The Company used the bank borrowings to repay the outstanding bank borrowings as of September 30, 2020.

On September 26, 2020, the Group entered into an 18-month bank credit facility with SHRB under which the Group can draw-down up to RMB108,000 by March 26, 2021 to repay the rental instalment loans on behalf of tenants who early terminated the rented apartments ("departed tenants") and for the daily operating expenditures. The interest rate for this credit facility was 8.5% per annum. As of September 30, 2020, the Group has drawn down RMB 50,000, all of which is to be repaid within one year.

On April 30, 2020, the Group entered into an 18-month bank loan contract with SHRB under which the Group borrowed RMB 50,000 to repay the rental instalment loans on behalf of departed tenants. The rate of the loan was 7.5% per annum. As of September 30, 2020, the outstanding balance of the borrowing was RMB 50,000, which is to be repaid in October 2021.

On May 28, 2020, the Group entered into an 18-month bank loan contract with SHRB under which the Group borrowed RMB 50,000 to repay the rental instalment loans on behalf of departed tenants. The rate of the loan was 7.5% per annum. As of September 30, 2020, the outstanding of the borrowing was RMB 50,000, which is to be repaid in November 2021.

On June 13, 2017, the Group entered into a 10-year bank loan contract with China Merchants Bank under which the Group borrowed RMB17,210 to purchase buildings for administration office purposes. The loan was collateralized by the buildings purchased under this loan contract. As of September 30, 2020, the net carrying value of the collateralized buildings was RMB 36,972. The weighted average interest rate of the loan was 5.39% per annum for the years ended September 30, 2018, 2019 and 2020. As of September 30, 2020, the Group has drawn down RMB 11,473, of which RMB 1,721 is to be repaid within one year, RMB 9,752 to be repaid over one year.

In the first quarter of 2019, the Group obtained a three-year revolving bank credit facility with SHRB under which the Group can draw-down up to RMB2,000,000, of which RMB1,000,000 is for rental installment loans, by February 2022 with annual interest rate of 7.5%. As of September 30, 2020, excluding the rental installment loan facility, the Group did not draw down bank borrowings. As of September 30, 2020, the tenants has drawn down rental instalment loans of RMB 58,923, and the Company recorded the amount in the account of “rental instalment loans”.

On June 27, 2019, the Group entered into a six-month bank revolving loan contract with China Construction Bank under which the Group can draw-down up to RMB650,000. The interest rate for this credit facility was determined on the draw-down date and the credit facility required the Company to make a deposit of US$105,000. The loan was repaid in October 2019.

(2) ***Capital lease and other financing arrangement payable***

Future minimum lease payments required under the capital lease arrangements are as follows:

	September 30, 2020
2021	35,459
2022	20,029
2023	12,747
2024	10,473
2025	3,328
2026 and there after	—
	82,036
Less payment amount allocated to interest	8,606
Present value of capital lease obligation	**73,430**
Current portion of capital lease obligation	35,459
Long-term portion of capital lease obligation	37,971
	73,430

Future payments required under other financing arrangements for the next 5 years as of September 30, 2020 were RMB 166,376, RMB 86,925, RMB 79,689, RMB 37,977 and RMB 157, respectively.

(3) Other short and long term payable

Other long term payable mainly represents loans from certain third party entities with no fixed term at an annual interest rate of 5%. Other short term payable mainly represents loans from certain third party entities due within one year at an annual interest rate ranging between 5% and 6%.

7. OPERATING COSTS

Operating costs include all direct costs incurred in the operation of the leased properties.

	For the years ended September 30,		
	2018	2019	2020
Rental cost	664,732	975,342	813,773
Depreciation expenses	145,768	207,814	256,056
Personnel cost	21,092	23,698	77,392
Cost for value-added services and others	66,367	98,138	56,194
Total	**897,959**	**1,304,992**	**1,203,415**

8. ASSET ACQUISITION

On July 22, 2020, the Company entered into a series of asset purchase agreements with Great Alliance Coliving Limited. and its affiliates (“Beautiful House”) to acquire assets, including approximately 72,000 apartment rental contracts with leasehold improvements attached to it, and trademarks of Beautiful House. In addition, the Company also assumed liabilities of RMB 349,665 associated with acquired assets. The consideration was comprised of cash of $29,000 (approximately RMB 205,306) and 128,589,392 shares of the Company’s Class A ordinary shares with total value of $42,673 (approximately RMB 289,733), reflecting discount for lack of marketability. The number of shares to be issued is determined based on the total share consideration amount agreed and average closing price of the Company’s ADS of 90 days prior to the execution of the asset purchase agreements. The shares are payable in three instalments of 30%, 40% and 30% with lockup periods expiring on June 30, 2021, 2022 and 2023, respectively. As of September 30, 2020, the Company made a cash payment of $5,800 (equivalent of RMB 39,498). There were no material direct transaction costs related to the transaction. The remaining cash consideration payable of $23,200 (equivalent of RMB 165,808) and share consideration of RMB 289,733 were recorded in the account of “Payable for asset acquisition” and “additional paid-in capital”, respectively.

The Company accounted for the acquisition as an asset acquisition because the Company did not acquire substantive process from Beautiful House.

The Company determined the estimated fair values using Level 3 inputs after review and consideration of relevant information, including contract value of apartment rental agreements and estimates made by management. The apartment rental agreements with both landlords and tenants were valued using the multiperiod excess earnings method and the trademarks were valued using the relief from royalty method. The fair value of apartment rental agreements and trademarks was RMB 289,591 and RMB 86,900, respectively.

The total consideration of RMB 495,039, after deducting the liabilities of RMB 349,665 assumed in the asset acquisition, was allocated to identified assets on the basis of their relative fair value.The allocation is as follows:

	RMB
Apartment rental agreements	649,733
Trademarks	194,971
Liabilities assumed by the Company	(349,665)
	495,039

9. CONVERTIBLE NOTE, NET

To finance the asset acquisition with Beautiful House (Note 8), the Company has executed a convertible note and warrant purchase agreement dated July 22, 2020 (the "Purchase Agreements") with one investor which is controlled by one principal shareholder of the Group (Note 16) and one third party investor under which the investors may subscribe at par for up to $100,000 in aggregate principal amount of the Company's four-year convertible notes (the "Notes") and five-year warrants to subscribe to a certain number of the ADSs. On July 29, 2020, the Company closed the first issuance of the Notes ("July Notes") of $14,009 (approximately RMB 95,403) ("Series 1 Notes") and $16,041 (approximately RMB 109,241) ("Series 2 Note"). The maturity date of the July Notes shall be July 29, 2024. On September 25, 2020, the Company closed the second issuance of Notes ("September Notes") of $356 (approximately RMB 2,424) ("Series 1 Note") and $844 (approximately RMB 5,748) ("Series 2 Note") with these notes maturing on September 25, 2024. Series 1 Note bears interest of 7.5% per annum payable in cash annually and another 7.5% per annum payable in cash on the maturity date. Series 2 Note bears interest of 3.5% per annum payable in cash annually and another 13.5% per annum payable in cash on the maturity date. In the event of a Fundamental Change, as defined in the Purchase Agreement, the interest rate increases to 25% per annum and the holders of the Notes can require the Company to redeem the outstanding principal and interest for cash.

Each of the holders of the Notes at any time on or after the 41st day after the issuance date of the Notes and prior to the maturity date, at its option, may convert in whole but not in part the entire outstanding principal amount and the accrued and unpaid interest into ADSs. The conversion price is as follows:

(1) $11.2508 per ADS for the July Notes and $10.1003 per ADS for September Notes, or

(2) if the Company completes an ADS offering of at least $50,000 within eighteen (18) months after the issuance date of this Note, eighty percent (80)% of the issue price per ADS in such offering, such adjusted conversion price shall be effective on the day immediately succeeding the closing date of the ADS offering.

The conversion price is subject to adjustment in the event of a Make Whole Fundamental Change, as defined in the Purchase Agreement.

The Company may at its option, upon the delivery of a mandatory conversion notice to the holders of the Notes (the "Mandatory Conversion Notice", and such date of delivery, the "Mandatory Conversion Date"), require the holders of the Notes to convert all the outstanding principal amount and all the accrued but unpaid share interest as of the Mandatory Conversion Date into the ADSs, in the event that: (i) the reported sales price of the ADS of the Company is no less than $22.00 per ADS, subject to adjustment in the event of fundamental change, as defined, for more than sixty (60) consecutive trading days and (ii) the average daily trading volume during such sixty (60) consecutive trading days is more than $15,000 per trading day.

In addition, the Company issued to the holder of the Notes, warrants to purchase ADSs equal to 4% of the principal balance on the date of issuance and 4%, 6%, 7% and 8% of the principal amount of the Notes outstanding as of such anniversary dates. Each of the warrants expire five years after its respective issue date and has an exercise price equivalent to 110% of the volume weighted average price ("VWAP") of the ADSs over the 60 trading days preceding the date of issuance of each warrant, subject to certain adjustments upon the occurrence of certain dilutive events.

The proceeds from issuance of the Notes were allocated to the relative fair values of the Notes and warrants. The Company estimated fair value of July Notes and September Notes were RMB 143,618 and RMB 4,747, respectively, using discount cash flow model, which took into consideration the term yields ranging between 25.31% and 25.56%. The Company estimated fair value of the warrants issued at RMB 4,630 and RMB 102, respectively, using the Black-Scholes valuation model, which took into consideration the underlying price of ordinary shares, a risk-free interest rate, expected term and expected volatility. As a result, the valuation of the warrant was categorized as Level 3 in accordance with ASC 820, "Fair Value Measurement". The Company allocated proceeds totaling RMB 6,564 to the warrants which was recorded as an additional paid-in capital.

The key assumption used in estimates are as follows:

	July 29, 2020	September 25, 2020
Terms of warrants	60 months	60 months
Exercise price	11.4618	10.2214
Risk free rate of interest	22.552%	22.609%
Dividend yield	0.00%	0.00%
Annualized volatility of underlying stock	40.0%	39.0%

The discounts of RMB 6,394 and RMB 170 on July Note and September Note, respectively, will be amortized over four years as additional interest expense. For the year ended September 30, 2020, the Company accrued accretion of interest expenses of RMB 214.

A summary of warrants activity for the year ended September 30, 2020 was as follows:

	Number of shares	Weighted average life	Expiration dates
Balance of warrants outstanding as of September 30, 2019	—		
Grants of Warrants on July 29, 2020	104,871	5 years	July 29, 2025
Grants of Warrants on September 25, 2020	4,696	5 years	September 25, 2025
Balance of warrants outstanding as of September 30, 2020	109,567	4.84 years	

The warrants are subject to anti-dilution provisions to reflect stock dividends and splits or other similar transactions, but not as a result of future securities offerings at lower prices. The warrants did not meet the definition of liabilities or derivatives, and as such they are classified as an equity.

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of September 30,	
	2019	2020
Due to a rental service company (1)	—	182,542
Tenant deposits	12,715	83,682
Payable to a constructor for leasehold improvements	—	53,623
Other tax payable	41,577	51,832
Accrued utilities	94	22,513
Interest payable	4,333	13,435
Accrued payroll and welfare	10,467	10,451
Operation service payable	—	6,602
Deferred rent	28,415	2,503
Others	1,691	16,235
Total	**99,292**	**443,418**

(1) As of September 30, 2020, the balance of due to a rental service company primarily represented the rental deposits and prepaid rental fee collected from tenants. The rental deposits and prepaid rental fee belonged to the rental service company, for which the Group provided apartment operation services since April 2020.

11. PREFERRED SHARES

Before the Reorganization in May 2015, there were RMB4,000, RMB10,000 and RMB30,000 equity interests in Q&K Fashion that were subscribed by shareholders during February 2012, August 2013 and February 2014, respectively (collectively “Series A equity with preference rights”). As part of the Reorganization, the Company issued 255,549,510 Series A non-redeemable preferred shares, all in the same proportions, to its Series A equity with preference rights shareholders in exchange for their original equity interest in Q&K Fashion. The preference rights given to the shareholders of Series A-1, A-2 and A-3 non-redeemable preferred shares were substantially the same. The Group treated the issuance of Series A non-redeemable preferred shares as a new issuance and an extinguishment of the equity interest with preference rights existing before the Reorganization as the legal form between the two were different and the preference rights received were substantially different before and after the Reorganization leading to material changes in its fair value. As Series A non-redeemable preferred shares were issued as part of the Reorganization with no cash consideration, the Company accounted for the difference between the fair value of the Series A non-redeemable preferred shares and the carrying value of the Series A equity with preference rights as deemed dividends to shareholders, and charged it against additional paid-in capital upon Reorganization.

In May 2015, the Company issued 160,000,000 series B convertible redeemable preferred shares at the price of US$0.125 per share to certain investors with a total consideration of US$20,000. The cash proceeds received was US$20,000, net of issuance costs of nil.

In July 2017, the Company issued an aggregate number of 120,000,000 series C convertible redeemable preferred shares at the price of US$0.25 per share to certain investors with a total consideration of US$30,000. The cash proceeds received was US$28,200, net of issuance costs of US$1,800.

In March 2018, the Company issued an aggregate number of 103,500,000 series C-1 convertible redeemable preferred shares at the price of US$0.29 per share to certain investors with a total consideration of US$30,000. The cash proceeds received was US$28,900, net of issuance costs of US$1,100.

In June 2019, the Company issued 273,360,850 series C-2 convertible redeemable preferred shares at the price of US$0.3045 per share to certain investors with a total cash consideration of US$83,250. The cash proceeds received was US$78,859, net of issuance cost of US$4,391.

Each preferred share shall be convertible, at the option of the holder thereof, at any time into Class A ordinary shares. All outstanding Preferred Shares shall automatically be converted into Class A ordinary shares without the payment of any additional consideration, based on the then effective conversion rate at the time immediately upon (a) the occurrence of the qualified IPO, or (b) with respect to the Series A non-redeemable preferred shares, when specified by written consent or agreement of the holders of at least two thirds of Series A preferred shares or (c) with respect to the Series B redeemable preferred shares, when specified by written consent or agreement of holders of at least two thirds of Series B preferred shares.

All the Preferred Shares have converted to ordinary shares upon IPO on November 7, 2019. As of September 30, 2020, the Company had no outstanding preferred shares.

The significant terms of Series A non-redeemable preferred shares, Series B convertible redeemable preferred shares, Series C convertible redeemable preferred shares, Series C-1 convertible redeemable preferred shares and Series C-2 convertible redeemable preferred shares (collectively the “Preferred Shares”) are summarized as follows:

Voting

The holders of the Preferred Shares shall vote together as one class on all resolutions. The holder of Preferred Shares has the number of votes as equal to the number of Class A ordinary shares then issuable upon their conversion into Class A ordinary shares.

Redemption rights

- *Series B convertible redeemable preferred shares*

At the request of the holders of Series B convertible redeemable preferred shares, the convertible redeemable preferred shares are redeemable at any time when the Company fails to complete a qualified IPO by the fourth anniversary of the Series B shares issue date or an IPO approval event occurs (i.e. the Series B shareholder becomes aware that the IPO will be subject to government approval and is not resolved within a set time period by written request of the Series B shareholder), at a redemption price at least equal to the higher of the subscription price plus an amount that gives a compounded annualized return of 12% per annum or the fair market value of such shares plus any and all declared but unpaid dividends.

- *Series C/C-1/C-2 convertible redeemable preferred shares*

At the request of the holders of Series C/C-1/C-2 holders of convertible redeemable preferred shares, the convertible redeemable preferred shares are redeemable at any time when the Company fails to complete a qualified IPO by June 30, 2021 or any material breach of the Transaction Documents (which includes the Shareholders’ Agreement and Amended and Restated Memorandum and Articles of Association) or a put/redemption notice is delivered by other series holders of the preferred shares, at a redemption price at least equal to the higher of the subscription price plus an amount that gives a compounded annualized return of 15% per annum or the fair market value of such shares plus any and all declared but unpaid dividends.

There are no redemption preference rights for holders of Series A non-redeemable preference shares.

Liquidation Preference

In the event of any voluntary or involuntary liquidation, Series C-2, C-1/C, B and A preference shareholders shall be entitled to receive, prior to the holders of the ordinary shares, at the amount representing the full subscription price plus an amount that gives a compounded annualized return of 15%, 12% and nil respectively, of the subscription price plus all declared but unpaid dividends.

The liquidation preference is exercised in the sequence of Series C-2 convertible redeemable preferred shares, Series C/C-1 convertible redeemable preferred shares, Series B convertible redeemable preferred shares and Series A non-redeemable preferred shares.

After distribution in full to the above preference shareholders, the remaining assets and funds of the Group that is legally available for distribution to the shareholders shall be distributed ratably amongst them in proportion to the number of ordinary shares held by them (on an as-converted basis).

In the event of any dissolution or winding up of the Group, sale, transfer, license, pledge or otherwise disposal of all, or substantially all, of the Company's assets, changes in the control of the Company or invalidation/termination of the VIE Agreements (collectively "Deemed Liquidation Event"), the liquidation sequence and preference amount is also the same as above.

Conversion

Each preferred share shall be convertible, at the option of the holder thereof, at any time into Class A ordinary shares. All outstanding Preferred Shares shall automatically be converted into Class A ordinary shares without the payment of any additional consideration, based on the then effective conversion rate at the time immediately upon (a) the occurrence of the qualified IPO, or (b) with respect to the Series A non-redeemable preferred shares, when specified by written consent or agreement of the holders of at least two thirds of Series A preferred shares or (c) with respect to the Series B redeemable preferred shares, when specified by written consent or agreement of holders of at least two thirds of Series B preferred shares.

Dividends

The holders of the Preferred Shares and ordinary shares are entitled to the dividend pari passu based on the number of shares they own on an as-converted basis once a dividend is authorized.

EBITDA performance targets for Series C, Series C-1 and Series C-2 convertible redeemable preferred shares (the "EBITDA feature")

Along with the issuance of Preferred Shares, the Group contemporaneously entered into agreements with its holders of Series C, Series C-1 and Series C-2 convertible redeemable preferred shares on July 26, 2017, March 16, 2018 and January 30, 2019, respectively, pursuant to which, certain EBITDA performance target were established. If the EBITDA targets are exceeded, the preferred shareholders must give back a portion of its shareholding based on a pre-agreed formula to the managers of the Group as incentives with no additional consideration. If expected EBITDA targets are not met, the preferred shareholders were entitled to additional shareholding at par value based on a pre-agreed formula to make up for the dissatisfaction in EBITDA targets.

The Group believed that it was not probable EBITDA targets will be satisfied. The EBITDA feature was recorded separately as a contingent earn-out liability at fair value in the consolidated balance sheets as it met the definition of a freestanding financial instrument liability under ASC 480. At initial measurement, the Group allocated the proceeds from the issuance of Series C, Series C-1 and Series C-2 convertible redeemable preferred shares to the fair value of contingent earn-out liabilities, with the remaining being allocated to Series C, Series C-1 and Series C-2 convertible redeemable preferred shares. The contingent earn-out liabilities is re-measured at each period-end, with the changes in the fair value recorded as an adjustment to earnings. See Note 2.

In addition to the Series C-2 EBITDA feature, in the event that the actual pre-offering market capitalization of the Group was less than US$800,000, the Group shall additionally issue such number of Series C-2 convertible redeemable preferred shares to the holders at par value as compensation based on a pre-determined formula in the contract. The Group believed that it was possible to reach the pre-offering market capitalization target so did not record additional contingent earn-out liability in this regard. The holders of the Series C-2 convertible redeemable preferred shares have waived the series C-2 additional issuance related to market capitalization feature, effective upon the Group's first public filing on October 7, 2019.

All the holders of the Series C-2, Series C-1 and Series C convertible redeemable preferred shares have waived the EBITDA feature upon IPO in November 2019.

Accounting for Preferred Shares

Given the key terms described above, the Group classified Series B, Series C, Series C-1 and Series C-2 convertible redeemable preferred shares as mezzanine equity. Series B convertible redeemable preferred shares were recorded at fair value on the issuance date whereas in the case for Series C, Series C-1 and Series C-2 convertible redeemable preferred shares, the residual proceeds after allocation to the contingent earn-out liabilities were recorded at issuance date. The Group has determined that there were no beneficial conversion features ("BCF") attributable to these shares as the effective conversion price was higher than the fair value of the ordinary shares on the commitment date. The Group determined the fair value of ordinary shares with the assistance of an independent third party valuation firm.

Holders of Series A non-redeemable preferred shares cannot trigger or otherwise require the Group to go through a Deemed Liquidation Event through either a representation on the Board of Directors or through other rights. Accordingly, given that there are no redemption or substantive liquidation preference rights for these preferred shareholders, Series A non-redeemable preferred shares were classified as permanent equity.

Except for Series A non-redeemable preferred shares, the Group accretes changes in the redemption value over the higher of the i) subscription price plus a pre-determined compounded annualized return set forth in the agreement and ii) fair market value. Changes in the redemption value are considered to be changes in accounting estimates. The accretion is recorded as deemed dividends to shareholders, and by charges against retained earnings, or in the absence of retained earnings, by charges against additional paid-in capital. Once additional paid-in capital has been exhausted, additional charges should be recorded by increasing the accumulated deficit.

The following is the roll forward of the carrying amounts of mezzanine equity for the years ended September 30, 2018, 2019 and 2020, respectively:

	RMB
Balance as of September 30, 2017	368,546
Issuance of Series C-1 convertible redeemable preferred shares to investors	139,952
Accretion on Series B convertible redeemable preferred shares to redemption value	43,818
Accretion on Series C convertible redeemable preferred shares to redemption value	29,038
Accretion on Series C-1 convertible redeemable preferred shares to redemption value	62,689
Balance as of September 30, 2018	644,043
Issuance of Series C-2 convertible redeemable preferred shares to investors	474,053
Accretion on Series B convertible redeemable preferred shares to redemption value	111,041
Accretion on Series C convertible redeemable preferred shares to redemption value	36,952
Accretion on Series C-1 convertible redeemable preferred shares to redemption value	33,681
Accretion on Series C-2 convertible redeemable preferred shares to redemption value	125,715
Balance as of September 30, 2019	1,425,485
Exercise of conversion of Series B convertible redeemable preferred shares	(316,765)
Exercise of conversion of Series C convertible redeemable preferred shares	(272,633)
Exercise of conversion of Series C-1 convertible redeemable preferred shares	(236,320)
Exercise of conversion of Series C-2 convertible redeemable preferred shares	(599,767)
Balance as of September 30, 2020	—

The following is the roll-forward of the carrying amounts of the contingent earn-out liability for the years ended September 30, 2019 and 2020, respectively:

	RMB
Balance as of September 30, 2017	44,856
Increase in accordance with Series C-1 convertible redeemable preferred shares issuance	45,180
Fair value change included in earnings	(6,164)
Balance as of September 30, 2018	83,872
Increase in accordance with Series C-2 convertible redeemable preferred shares issuance	55,949
Fair value change included in earnings	(42,404)
Balance as of September 30, 2019	97,417
Fair value change included in earnings	(97,417)
Fair value change included in earnings	—

12. SHARE-BASED COMPENSATION

The Company utilized Yijia Inc., a company controlled by the Founder as a vehicle to hold shares that will be used to provide incentives and rewards to employees and executives who contribute to the success of the Company's operations. According to the Group's board resolutions, in July 2017 and March 2018, 86 million shares were reserved to Yijia Inc. Yijia Inc. has no activities other than administrating the incentive program and does not have any employees. On behalf of the Group and subject to approvals from the board or directors, the Founder has the authority to select eligible participants to whom equity awards will be granted; determine the number of shares covered; and establish the terms, conditions and provision of such awards. The board resolutions allow the grantees to hold options to purchase from the Yijia Inc. the equity shares of the Company.

All the share information disclosed in this section refers to the shares of the Group the grantees are entitled through Yijia Inc. shares. The related expenses are reflected in the Group's consolidated financial statements as share-based compensation expenses with an offset to additional paid-in capital. Given the shares owned by Yijia Inc. for the purpose of the incentive program are existing and outstanding shares of the Group, the options do not have any dilution effect on the loss per share (see Note 13).

Stock Option A

On August 31, 2014, April 21, 2016, October 17, 2016 and October 18, 2016, the Group granted an aggregate number of 26.86 million share options to certain management, employees and non-employees of the Group. Under the plan, the exercise price was US$0.31 (RMB2.00) per share and vests 50% on the first and second anniversary after the IPO date. All grantees were restricted from transferring more than 25% of their total exercised ordinary shares each year after the exercise date. Given the vesting was contingent on the IPO and vested on the first and second anniversary after the IPO date, no share-based compensation expense is recognized until the date of IPO. As of September 30, 2020, no share options were vested or exercised. As of September 30, 2020, the number of outstanding options is 10,600,000, which was equal to the number of option expected to be vested. Because the exercise price is out of money, the weighted average intrinsic value of the outstanding options and the options expected to vest was RMB nil.

Stock Option B

On July 31, 2017, the Group granted 43.14 million share options to management and employees of the Group. The options vested immediately upon the grant date and the exercise price were US$0.31 (RMB2.00) per share. All grantees were restricted from transferring its exercised ordinary shares during certain periods subsequent to the IPO date (the "lock-up period"). If the grantee resigned from the Group before the IPO or during the lock-up period, the Group has the right to repurchase the share options or ordinary shares at the exercise price. The Group believes that the repurchase feature is effectively to require the employee to remain throughout the requisite period in order to receive any economic benefit from the award. As such, the repurchase feature functions as a vesting condition that is contingent on the IPO, no share-based compensation expense is recognized until the date of IPO. As of September 30, 2020, the Company had 31,150,000 share options outstanding, vested and exercisable. Because the exercise price is out of money, the weighted average intrinsic value of these share options were RMB nil.

Binomial options pricing model was applied in determining the estimated fair value of the options granted. The model requires the input of highly subjective assumptions including the estimated expected stock price volatility and, the exercise multiple for which employees are likely to exercise share options. The estimated fair value of the ordinary shares, at the option grants, was determined with assistance from an independent third party valuation firm. The Group's management is ultimately responsible for the determination of the estimated fair value of its ordinary shares.

The following table presents the assumptions used to estimate the fair values of the share options granted in the years presented:

	April 2016	October 2016	July 2017
Risk-free rate of return	3.18%	3.18%	3.21%
Contractual life of option	10 years	10 years	8.4 years
Estimated volatility rate	37%	37%	35%
Expected dividend yield	0%	0%	0%
Fair value of underlying ordinary shares	US$ 0.03	US$ 0.04	US$ 0.05

A summary of option activity during the year ended September 30, 2018, 2019 and 2020 is presented below:

	Number of Options	Exercise Price RMB	Remaining Contractual Life
Outstanding, as of September 30, 2017	70,000,000	2	8.73
Granted	—	—	—
Forfeited	—	—	—
Outstanding, as of September 30, 2018	70,000,000	2	7.73
Granted	—	—	—
Forfeited	(1,780,000)	2	7.73
Outstanding, as of September 30, 2019	68,220,000	2	6.74
Granted	—	—	—
Exercised	—	—	—
Forfeited	(26,470,000)	2	6.74
Outstanding, as of September 30, 2020	41,750,000	2	6.10
Vested or expected to vest as of September 30, 2020	41,750,000	2	6.10

The Group recognized the compensation cost for the stock options on a straight line basis over the requisite service periods.

Given the vesting was contingent on the IPO, no share-based compensation expense is recognized until the date of the IPO. For the years ended September 30, 2018, 2019 and 2020, the Group recorded compensation expenses of RMB nil, RMB nil and RMB 16,045 in connection with the above stock options.

Restricted Share Units ("RSU")

In 2017, the Group issued 15.99 million RSU to a consulting company, of which 5.2 million RSU vested immediately upon grant, and the Group has the right to repurchase the remaining 10.79 million RSU anytime at its discretion with nominal price before certain dates ("repurchase rights"). The Group determined RSU with repurchase rights are not considered issued until the expiration of such rights. At each of the expiration dates, the corresponding RSU are considered issued and vested immediately, and a measurement date has been reached.

Under such arrangement, the Group recorded 2.6 million, 2.6 million, 2.8 million, 2.8 million and 2.6 million RSU at the measurement date fair value per share of US$0.05, US$0.06, US$0.10, US$0.20 and US$0.25 on March 16, 2017, November 12, 2017, April 1, 2018, December 1, 2018 and April 1, 2019, respectively. In July 2019, the Group repurchased total 5.19 million RSUs.

The fair value of RSU was determined by reference to the fair value of ordinary shares of the Group and was appraised by an independent valuation firm.

The total expenses recognized in the consolidated statements of comprehensive loss for the aforementioned RSUs granted were RMB 2,252, RMB 8,173 and RMB nil, respectively for the years ended September 30, 2018, 2019 and 2020, respectively.

13. LOSSES PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the years indicated:

	For the years ended September 30,		
	2018	2019	2020
Numerator:			
Net loss attributable to Q&K International Group Limited	(499,859)	(498,242)	(1,533,592)
Deemed dividend	(135,545)	(307,389)	—
Net loss attributable to ordinary shareholders—basic and diluted	(635,404)	(805,631)	(1,533,592)
Denominator:			
Weighted average ordinary shares outstanding—basic and diluted	409,403,915	430,450,490	1,351,127,462
Net loss per share—basic and diluted	(1.55)	(1.87)	(1.14)

For the years ended September 30, 2018, 2019 and 2020, respectively, potential ordinary shares from assumed conversion of 639,049,510, 912,410,360 and 0 preferred shares and 0, 0, and 2,789,720 convertible notes as well as 70,000,000, 68,220,000 and 41,750,000 options and 0, 0 and 109,567 warrants to purchase the Company's ordinary shares have not been reflected in the calculation of diluted net loss per share as their inclusion would have been anti-dilutive.

14. INCOME TAXES

Cayman Islands

Under the current laws of the Cayman Islands, the Company, Q&K International Group Limited is not subject to tax on income or capital gain.

BVI Islands

Under the current laws of the British Virgin Islands ("BVI"), the Company, QK365.com Inc. incorporated in BVI is not subject to tax on income or capital gain.

Hong Kong

QingKe (China) Limited is subject to Hong Kong profit tax. The applicable tax rate for the first Hong Kong dollar ("HKD$") $2,000 of assessable profits is 8.25% and assessable profits above HKD$2,000 will continue to be subject to the rate of 16.5% for corporations in Hong Kong, effective from the year of assessment 2018/2019. No Hong Kong profit tax has been provided as the Group has not had assessable profit that was earned in or derived from Hong Kong during the years presented.

United States of America

The Group's subsidiary in the U.S. is registered in the state of Delaware and is subject to a flat U.S. federal corporate income tax rate of 21% and state income tax rate of 8.7% respectively.

PRC

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law"), which was effective from January 1, 2008, domestically-owned enterprises and foreign-invested enterprises are subject to a uniform tax rate of 25%.

Tax expense is comprised of the following:

	For the years ended September 30,		
	2018	2019	2020
Current tax	2,393	63	13
Deferred tax	—	—	—
Total	**2,393**	**63**	**13**

A reconciliation between the effective income tax rate and the PRC statutory income tax rate are as follows:

	For the years ended September 30,		
	2018	2019	2020
PRC statutory tax rate	25%	25%	25%
Effect of different tax rates of group entities operating in other jurisdictions and preferential tax rates of group entities	—	—	0.5%
Tax effect of other expenses that are not deductible in determining taxable profit	(1.2%)	(2.4%)	(0.3%)
Tax effect of loss on disposal of long-term assets	—	—	(7.6%)
Effect of change in valuation allowance	(24.3%)	(22.6%)	(17.6%)
Effective tax rate	**(0.5%)**	**(0.0%)**	**(0.0%)**

The principal components of the Group's deferred income tax assets as of September 30, 2019 and 2020 are as follows:

	As of September 30,	
	2019	2020
Deferred tax assets:		
Net losses carryforward	166,302	268,477
Impairment loss on long-term assets	—	263,774
Other accrued expenses	160,075	21,322
Deferred rent	—	53,757
Advertising expenses	12,587	12,592
Valuation allowance	(338,964)	(619,922)
Total deferred tax assets	—	—

Movement of the valuation allowance is as follows:

Balance as of September 30, 2017	112,256
Addition	120,935
Write off	—
Balance as of September 30, 2018	233,191
Addition	105,773
Write off	—
Balance as of September 30, 2019	338,964
Addition	280,958
Write off	—
Balance as of September 30, 2020	619,922

As of September 30, 2018, 2019 and 2020, respectively, valuation allowance of RMB233,191, RMB338,964 and RMB 619,922 were provided, respectively. The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryforward periods, the Group's experience with tax attributes expiring unused and tax planning alternatives. Valuation allowances have been established for deferred tax assets based on a more likely than not threshold. The Group's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carryforward periods provided for in the tax law.

As of September 30, 2020, the Group had tax loss carryforwards of RMB 1,080,172 which will expire between 2021 and 2025 if not used.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of income taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of income tax liability exceeding RMB100 is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion. The Group's PRC subsidiaries are therefore subject to examination by the PRC tax authorities from 2015 through 2020 on non-transfer pricing matters, and from 2010 through 2020 on transfer pricing matters.

In accordance with the EIT Law, dividends, which arise from profits of foreign invested enterprises ("FIEs") earned after January 1, 2008, are subject to a 10% withholding income tax. In addition, under tax treaty between the PRC and Hong Kong, if the foreign investor is incorporated in Hong Kong and qualifies as the beneficial owner, the applicable withholding tax rate is reduced to 5%, if the investor holds at least 25% in the FIE, or 10%, if the investor holds less than 25% in the FIE. A deferred tax liability should be recognized for the undistributed profits of PRC subsidiaries unless the Company has sufficient evidence to demonstrate that the undistributed dividends will be reinvested and the remittance of the dividends will be postponed indefinitely. The Group plans to indefinitely reinvest undistributed profits earned from its China subsidiaries in its operations in the PRC. Therefore, no withholding income taxes for undistributed profits of the Group's subsidiaries have been provided as of September 30, 2019 and 2020.

Under applicable accounting principles, a deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting basis over tax basis in a domestic subsidiary. However, recognition is not required in situations where the tax law provides a means by which the reported amount of that investment can be recovered tax-free and the enterprise expects that it will ultimately use that means. The Group completed its feasibility analysis on a method, which the Group will ultimately execute if necessary to repatriate the undistributed earnings of the VIE without significant tax costs. As such, the Group does not accrue deferred tax liabilities on the earnings of the VIE given that the Group will ultimately use the means.

Aggregate undistributed earnings of the Group's PRC subsidiaries and VIE that are available for distribution was not material as of September 30, 2019 and 2020.

15. STATUTORY RESERVES AND NET RESTRICTED ASSETS

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the VIE and subsidiaries of the VIE incorporated in PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The consolidated results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's subsidiaries.

Under PRC law, the Company's subsidiaries and consolidated VIEs located in the PRC (collectively referred as the ("PRC entities") are required to provide for certain statutory reserves, namely a general reserve, an enterprise expansion fund and a staff welfare and bonus fund. The PRC entities are required to allocate at least 10% of their after tax profits on an individual company basis as determined under PRC accounting standards to the statutory reserve and has the right to discontinue allocations to the statutory reserve if such reserve has reached 50% of registered capital on an individual company basis. In addition, the registered capital of the PRC entities is also restricted.

Amounts restricted including paid-in capital and statutory reserve funds as determined pursuant to PRC Laws were RMB1,332,226 and RMB 930,525 as of September 30, 2019 and 2020 respectively.

16. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The following entities are considered to be related parties to the Group. The related parties mainly act as service providers and service recipients to the Group. The Group is not obligated to provide any type of financial support to these related parties.

Related Party	Relationship with the Group
Shanghai Yijia Chuangye Investment Center LLP ("Yijia Chuangye")	An entity controlled by Mr. Jin Guangjie ("Founder and CEO of the Group")
Shanghai Laiguan Property Management Co., Ltd. ("Laiguan")	An entity controlled by certain shareholders of the Group
Shanghai Ziniu Property Management Co., Ltd. ("Ziniu Property")	An entity controlled by certain shareholders of the Group
Shanghai Q&K Fashion Life Co., Ltd. ("Q&K Fashion")	An entity controlled by Founder and CEO of the Group
Shanghai Qingke Robot Technology Co., Ltd. ("Robot") (i)	An affiliate of Founder and CEO of the Group
Shanghai Yijia Property Management Co., Ltd. ("Yijia Property")	An entity controlled by certain shareholders of the Group
Shanghai Xulong Trading Co., Ltd. ("Xulong") (ii)	An entity controlled by the parents of Founder and CEO of the Group
Shanghai Youzhen Information Technology Co., Ltd. ("Youzhen")	An entity controlled by the parents of Founder and CEO of the Group
Shanghai Qingji Property Management Co., Ltd. ("Qingji")	An entity controlled by certain shareholders of the Group
Key Space(S) Ptd. Ltd. ("Key Space")	An entity controlled by certain shareholder of the Group

(i) Robot ceased to be a related party of the Group in April 2019.
(ii) Xulong ceased to be a related party of the Group in March 2019.

The Group entered into the following transactions with its related parties:

For the years ended September 30, 2018, 2019 and 2020, services provided by the related parties were RMB210,963, RMB139,026 and RMB 47,464, respectively**:**

	For the years ended September 30,		
	2018	2019	2020
Purchases of property and equipment from Xulong.	77,676	12,205	—
Labor outsourcing service expense to Laiguan	48,861	43,003	25,059
Labor outsourcing service expense to Qingji.	19,258	41,180	22,405
Value-added service cost to Robot	42,352	28,336	—
Storage and logistic service expense to Xulong	14298	4,582	—
Marketing service expense to Xulong.	8,364	9,720	—
Research and development expense to Robot	154	—	—
Total	**210,963**	**139,026**	**47,464**

As stated in Note 9, in July and September 2020, the Group issued convertible notes in exchange for cash of $22,818 (RMB 155,393) and $1,200 (RMB 8,172), respectively, to Key Space. Among the July Note of $22,818, $6,777 and $16,041 are subject to interest rate of 15% per annum and 17% per annum respectively. Among the September Note of $1,200, $356 and $844 are subject to interest rate of 15% per annum and 17% per annum respectively. For the year ended September 30, 2020, the Group accrued interest expenses of RMB 4,365 on the convertible notes.

As of September 30, 2019 and 2020, amounts due from related parties were RMB5,587 and RMB168, respectively, and details are as follows:

	As of September 30,	
	2019	2020
Yijia Chuangye[(i)]	4,400	—
Laiguan	1,024	—
Youzhen.	125	125
Others	38	43
Total	**5,587**	**168**

(i) Represents related party loans to Yijia Chuangye, which were interest free and payable on demand. During the year ended September 30, 2020, the Company fully collected the balance from the related party as well as the balance due from Laiguan.

As of September 30, 2019 and 2020, amounts due to related parties were RMB 3,121 and RMB 6,594, respectively, and details are as follows:

	As of September 30,	
	2019	2020
Yijia Property.	2,366	4,156
Qingji	743	1,539
Laiguan	—	882
Others	12	17
Total	**3,121**	**6,594**

17. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Group has entered into lease agreements for properties which it operates. Such leases are classified as operating leases. Future minimum lease payments under non-cancellable operating lease agreements at September 30, 2020 were as follows:

For the years ending September 30,	
2021	**1,028,730**
2022	909,053
2023	782,914
2024	651,316
2025	539,349
Thereafter	846,837
Total	**4,758,199**

(b) Purchase Commitments

As of September 30, 2020, the Group's did not have commitments related to leasehold improvements and installation of equipment.

(c) Contingencies

During the year ended September 30, 2020, the Group, via short message notification, early terminated certain apartment rental agreements with landlords. The Group estimated the contingent compensation expenses due to landlords as follows:

- Certain landlords had disputes on the early termination and entered into legal proceedings against the Group for compensation aggregating RMB 5,211. The Company estimated it exposed to the compensation of RMB 5,211 and recorded the contingent liability in the account of "accrued expenses and other current liabilities".
- Certain landlords had disputes but did not enter into legal proceedings against the Company. These landlords had rights to file legal proceedings against the Group within 3 years from the short message notification, for a maximum compensation of RMB 51,924, which is three times of the rental agreement value. However the Group estimated the likelihood of the legal proceeding as reasonably possible though these landlords has not initiated legal proceedings as of the report date. In addition, the compensation amount will be negotiated with each individual landlord, the amount of compensation cannot be reasonably estimated as of the date of report date. As of September 30, 2020, the Group did not accrue the contingent liability in the balance sheet.
- Certain landlords did not reply to the Group's short message within three months, which legally implied that they agreed with the termination, and the Group is not obliged to compensation for these landlords.

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. Except for the above mentioned contingencies, the Group does not believe that any currently pending legal or administrative proceeding to which the Group is a party will have a material effect on its business or financial condition.

18. SUBSEQUENT EVENTS

In October and December 2020, the Company issued the two instalments of Notes to Key Space, and raised proceeds of $7,120 (RMB 48,342) and $3,710 (RMB 25,189), respectively.

In November 2020, the Company entered into one bank borrowing extension agreement with SHRB, pursuant to which the bank extended due date of one borrowing with the principal of RMB 132,000 to October 2021.

In December 2020, the Company entered into two new bank borrowing agreements with SHRB, pursuant to which the Company borrowed RMB 25,929 and RMB8,998, respectively. The Company used the bank borrowings to repay the outstanding bank borrowings.

The Group evaluated subsequent events through February 16, 2021, the date on which these financial statements were issued, and the management determined that other than those that have been disclosed in the consolidated financial statements and subsequent events disclosed above, no subsequent events that require recognition and disclosure in the consolidated financial statements.

19. CONDENSED FINANCIAL STATEMENTS OF THE PARENT COMPANY

Pursuant to the requirements of Rule 12-04(a) and 5-04(c) of Regulation S-X, condensed financial information is required as to the financial position, changes in financial position and results of operations of a parent company as of the same date and for the same period for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. The Company does not include condensed financial information as to the changes in deficit as such financial information is the same as the consolidated statements of changes in shareholders' deficit.

The condensed financial information has been prepared using the same accounting policies as set out in the consolidated financial statements except that the equity method has been used to account for investments in its subsidiaries and consolidated VIEs. For the parent company, the Company records its investments in subsidiaries and consolidated VIEs under the equity method of accounting as prescribed in ASC 323, Investments—Equity Method and Joint Ventures. Such investments are presented on the Condensed Balance Sheets as ‘‘Investments in subsidiaries and consolidated VIE and VIE’s subsidiaries’’ and the subsidiaries and consolidated VIEs’ losses as ‘‘Equity in losses of subsidiaries and consolidated VIE and VIE’s subsidiaries’’ on the Condensed Statements of Comprehensive Loss. Ordinarily under the equity method, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of Schedule I, the parent company has continued to reflect its share, based on its proportionate interest, the losses of subsidiaries and consolidated VIEs regardless of the carrying value of the investment even though the parent company is not obligated to provide continuing support or fund losses.

For the years ended September 30, 2018, 2019 and 2020, there were no material contingencies, significant provisions of long-term obligations, guarantees of the Company.

Translations of balances in the additional financial information of Parent Company—Financial Statements Schedule I from RMB into US$ as of and for the year ended September 30, 2020 are solely for the convenience of the readers and were calculated at the rate of US$1.00= RMB 6.7896, as set forth in H.10 statistical release of the Federal Reserve Board on September 30, 2020. The translation is not intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into United States dollars at that rate on September 30, 2020, or at any other rate.

PARENT COMPANY CONDENSED BALANCE SHEETS
(Renminbi in thousands, except share data and per share data, unless otherwise stated)

	As of September 30,		
	2019	2020	
	RMB	RMB	USD
Assets			
Cash and cash equivalents	101,157	6,015	886
Other receivables, deposits and other assets	1	—	—
Amounts due from subsidiaries and consolidated VIE and VIE’s subsidiaries	522,124	—	—
Total assets	**623,282**	**6,015**	**886**
Liabilities			
Short-term borrowings	—	221,328	32,598
Accrued expenses and other current liabilities	—	13,126	1,933
Contingent earn-out liabilities	97,417	—	—
Convertible notes	—	206,251	30,377
Deficit of investments in subsidiaries and consolidated VIE and VIE’s subsidiaries	1,346,408	—	—
Amounts due to subsidiaries and consolidated VIE and VIE’s subsidiaries	—	1,569,388	231,146
Total liabilities	**1,443,825**	**2,010,093**	**296,054**
Series B convertible redeemable preferred shares (US$0.00001 par value, 160,000,000 shares authorized, issued and outstanding; liquidation value of RMB233,350 and RMB nil as of September 30, 2019 and 2020, respectively)	316,765	—	—
Series C convertible redeemable preferred shares (US$0.00001 par value, 120,000,000 shares authorized, issued and outstanding; liquidation value of RMB287,231 and RMB nil as of September 30, 2019 and 2020, respectively)	272,633	—	—
Series C-1 convertible redeemable preferred shares (US$0.00001 par value, 103,500,000 shares authorized, issued and outstanding; liquidation value of RMB255,213 and RMB nil as of September 30, 2019 and 2020, respectively)	236,320	—	—
Series C-2 convertible redeemable preferred shares (US$0.00001 par value, 273,360,850 shares authorized, issued and outstanding; liquidation value of RMB595,962 and RMB nil as of September 30, 2019 and 2020, respectively)	599,767	—	—
Total mezzanine equity	**1,425,485**	**—**	**—**
Shareholders’ deficit:			
Ordinary shares	27	92	14
Series A non-redeemable preferred shares	35,777	—	—
Treasury stock		(298,110)	(43,907)
Additional paid-in capital	—	2,085,099	307,102
Accumulated deficits	(2,275,924)	(3,809,516)	(561,081)
Accumulated other comprehensive (loss) income	(5,908)	18,357	2,704
Total shareholders’ deficit	**(2,246,028)**	**(2,004,078)**	**(295,168)**
Total liabilities, mezzanine equity and shareholders’ deficit	**623,282**	**6,015**	**886**

PARENT COMPANY CONDENSED STATEMENTS OF COMPREHENSIVE LOSS

(Renminbi in thousands, unless otherwise stated)

	For the Years Ended September 30,			
	2018	2019	2020	2020
	RMB	RMB	RMB	USD
Selling, general and administrative expenses	(5,247)	(15,888)	(37,557)	(5,530)
Interest income (expenses)	2,096	1,761	(42,507)	(6,260)
Fair value change of contingent earn-out liabilities	6,164	42,404	97,417	14,348
Income before equity in losses of subsidiaries and consolidated VIEs and VIE's subsidiaries	**3,013**	**28,277**	**17,353**	**2,558**
Equity in losses of subsidiaries and consolidated VIE and VIE's subsidiaries	(502,935)	(526,614)	(1,550,994)	(228,439)
Net loss	(499,922)	(498,337)	**(1,533,641)**	**(225,881)**
Foreign currency translation adjustments	4,551	(7,621)	24,265	3,574
Deemed dividend	(135,547)	(307,389)	—	—
Comprehensive loss	**(630,918)**	**(813,347)**	**(1,509,376)**	**(222,307)**

CONDENSED STATEMENTS OF CASH FLOWS
(Renminbi in thousands, unless otherwise stated)

	For the Years Ended September 30,			
	2018	2019	2020	2020
	RMB	RMB	RMB	USD
Net cash used in operating activities	(3,805)	(20,149)	(17,452)	(2,570)
Net cash used in investing activities	(341,213)	(460,663)	(478,685)	(70,503)
Net cash provided by financing activities	185,133	530,002	401,227	60,987
Effect of exchange rate changes	3,455	2,087	(232)	(1,180)
Net (decrease) increase in cash and cash equivalents	(156,430)	51,277	(95,142)	(13,266)
Cash and cash equivalents and restricted cash at the beginning of the year	206,310	49,880	101,157	14,152
Cash and cash equivalents and restricted cash at the end of the year	49,880	101,157	6,015	886

Exhibit 2.4

Description of Rights of Each Class of Securities Registered under Section 12 of the Securities Exchange Act of 1934

American Depositary Shares ("ADSs"), each representing 30 Class A ordinary shares of Q&K International Group Limited ("our company") are listed on the NASDAQ Global Market and the shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of ordinary shares and (ii) ADS holders. Shares underlying the ADSs are held by The Bank of New York Mellon, as depositary, and holders of ADSs will not be treated as holders of the ordinary shares.

Description of Ordinary Shares (Items 9.A.3, 9.A.5, 9.A.6, 9.A.7, 10.B.3, 10.B.4, 10.B.6, 10.B.7, 10.B.8, 10.B.9 and 10.B.10 of Form 20-F)

Ordinary Shares

General

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share and Class B ordinary share of our company has par value of US$0.00001 per share. The respective numbers of Class A ordinary shares and Class B ordinary shares that had been issued and outstanding as of the last day of the fiscal year are provided on the cover of the annual report on Form 20-F for such fiscal year.

Holders of our Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Our ordinary shares are issued in registered form and are issued when registered in our register of members. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Conversion

Each Class B ordinary share is convertible into one Class A ordinary share at any time at the option of the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder to any person or entity which is not an affiliate of such holder, such Class B ordinary shares shall be automatically and immediately converted into the equivalent number of Class A ordinary shares.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. Our amended and restated articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law (2018 Revision) of the Cayman Islands (the "Companies Law").

Voting Rights

Holders of our ordinary shares have the right to receive notice of, attend, speak and vote at general meetings of our company. Except as required by applicable law and subject to the amended and restated memorandum and articles of association, holders of Class A ordinary shares and Class B ordinary shares shall at all times vote together as one class on all matters submitted to a vote of the shareholders.

At any general meeting on a poll, every shareholder holding Class A ordinary shares present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorized representative shall have one (1) vote for every fully paid Class A ordinary share of which he is the holder; and every shareholder holding Class B ordinary shares present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorized representative shall have ten (10) votes for every fully paid Class B ordinary share of which he is the holder.

A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case (i) every shareholder holding Class A ordinary shares present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one (1) vote, and (ii) every shareholder holding Class B ordinary shares present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have ten (10) votes, provided that, notwithstanding anything contained in our amended and restated memorandum and articles of association, where more than one proxy is appointed by a shareholder which is a clearing house or a central depository house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For the purposes of our amended and restated memorandum and articles of association, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by us to the shareholders; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all shareholders a reasonable opportunity to express their views.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the shares cast at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our amended and restated memorandum and articles of association.

Transfer of Ordinary Shares

Subject to the restrictions contained in our amended and restated memorandum and articles of association, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share that is not a fully paid up share to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four joint holders or a transfer of any share that is not a fully paid up share on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- a fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer, they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq, be suspended and the register of members closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register of members closed for more than 30 days in any year as our board may determine.

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up ordinary share capital, the assets will be distributed so that the losses are borne by our holders of ordinary shares proportionately.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Ordinary Shares

The Companies Law and our amended and restated articles of association permit us to purchase our own shares. In accordance with our amended and restated articles of association and provided the necessary shareholders or board approval have been obtained, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner, including out of capital, as may be determined by our board of directors.

Variations of Rights of Shares

All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. Separate general meetings of the holders of a class or series of shares may be called only by (i) the chairman of our board of directors, or (ii) a majority of our board of directors (unless otherwise specifically provided by the terms of issue of the shares of such class or series), and nothing in the amended and restated memorandum and articles of association shall give any shareholder or shareholders the right to call a class or series meeting. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu with such existing class of shares.

General Meetings of Shareholders

A quorum required for a meeting of shareholders consists of one or more shareholders present in person or by proxy representing not less than one-third of all voting power of the company's share capital in issue. (i) A majority of our board of directors, or (ii) the chairman of our board of directors, or (iii) any director, where required to give effect to a requisition received under the amended and restated memorandum and articles of association, may call extraordinary general meetings, which extraordinary general meetings shall be held at such times and locations (as permitted hereby) as such person or persons shall determine.

Any one or more shareholders holding at the date of deposit of the requisition not less than two-thirds of the voting power of our share capital in issue carrying the right of voting at general meetings of our company shall at all times have the right, by written requisition to our board of directors or our secretary, to require an extraordinary general meeting to be called by our board of directors for the transaction of any business permitted by the Companies Law or the amended and restated memorandum and articles of association (subject to the below) as specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit our board of directors fails to proceed to convene such meeting the requisitionist(s) himself or herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of our board of directors shall be reimbursed to the requisitionist(s) by us.

A meeting requisitioned under the amended and restated memorandum and articles of association shall not be permitted to consider or vote upon (A) any resolutions with respect to the election, appointment or removal of directors or with respect to the size of our board of directors, unless such proposal is first approved by our nominating and corporate governance committee; or (B) other than a special resolution in respect of the appointment or removal of any director, any special resolution or any matters required to be passed by way of special resolution pursuant to the amended and restated memorandum and articles of association or the Companies Law. Written notice shall be given not less than ten days before the date of any general meeting.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, in our amended and restated memorandum and articles of association we provide our shareholders with the right to inspect our list of shareholders and to receive annual audited financial statements.

Changes in Capital

We may from time to time by ordinary resolution:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;

- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

We may by special resolution, subject to any confirmation or consent required by the Companies Law, reduce our share capital or any capital redemption reserve in any manner permitted by law.

Differences in Corporate Law

The Companies Law is modeled after that of England and Wales but does not follow recent statutory enactments in England. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

A merger of two or more constituent companies under Cayman Islands law requires a plan of merger or consolidation to be approved by the directors of each constituent company and authorization by a special resolution of the members of each constituent company.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders. For this purpose a subsidiary is a company of which at least ninety percent (90%) of the issued shares entitled to vote are owned by the parent company.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain circumstances, a dissentient shareholder of a Cayman constituent company is entitled to payment of the fair value of his shares upon dissenting to a merger or consolidation. The exercise of appraisal rights will preclude the exercise of any other rights save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must, in addition, represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover offer is made and accepted by holders of 90% of the shares within four months, the subject of the offer, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud which may attach to such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we have entered into indemnification agreements with our directors and senior executive officers that provide such persons with additional indemnification beyond that provided in our amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions in the Memorandum and Articles of Association

Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our amended and restated memorandum and articles of association, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company — a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Our amended and restated articles of association provide that shareholders may not approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Our amended and restated articles of association allow our shareholders to requisition a shareholders' meeting (see above). As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings though we may do so.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our amended and restated articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Subject to any provision to the contrary in our amended and restated memorandum and articles of association, a director may, at any time before the expiration of his or her period of office (notwithstanding anything in our amended and restated memorandum and articles of association or in any agreement between our company and such director (but without prejudice to any claim for damages under any such agreement)) be removed by way of either (a) an ordinary resolution of the shareholders; or (b) the affirmative vote of a majority of the remaining directors present and voting at a board meeting; or (c) a resolution in writing (which complies with the requirements of the provisos contained in article 119 of our amended and restated memorandum and articles of association) signed by all the directors other than the director being removed.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Companies Law and our amended and restated articles of association, our company may be dissolved, liquidated or wound up by a special resolution of shareholders.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our amended and restated memorandum and articles of association may only be amended by a special resolution of shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Share

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

Limitations or Qualifications

Our company has a dual-class voting structure such that ordinary shares of our company consist of Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share in respect of matters requiring the votes of shareholders, while holders of Class B ordinary shares are entitled to ten (10) votes per share, subject to certain exceptions. Due to the super voting power of Class B ordinary share holder, the voting power of the Class A ordinary shares may be materially limited.

Preemptive Rights

The shareholders of our company do not have preemptive right.

Other Rights

Not applicable.

Description of Debt Securities, Warrants and Rights and Other Securities (Items 12.A, 12.B and 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

The Bank of New York Mellon, as depositary, registers and delivers ADSs. Each ADS represents 30 Class A ordinary shares (or a right to receive 30 Class A ordinary shares) deposited with The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS also represents any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs are administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American depositary receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs receive statements from the depositary confirming their holdings.

As an ADS holder, we do not treat you as one of our shareholders and you do not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary is the holder of the shares underlying your ADSs. As a registered holder of ADSs, you have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

- *Cash*. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest. Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

- *Shares*. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

- *Rights to purchase additional shares*. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

- *Other Distributions.* The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our amended and restated memorandum and articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the Depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 45 days in advance of the meeting date.

Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

How may the deposit agreement be terminated?

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange in the United States on which they were listed and do not list the ADSs on another exchange in the United States or make arrangements for trading of ADSs on the U.S. over-the-counter market;
- we delist our shares from an exchange outside the United States on which they were listed and do not list the shares on another exchange outside the United States;
- the depositary has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the Securities Act of 1933;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind that have not settled if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its control from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depositary has no duty to make any determination or provide any information as to our tax status. Neither the depositary nor we have any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying Your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but only for the purpose of communicating with those holders regarding our business or a matter related to the deposit agreement or the ADSs.

Jury Trial Waiver

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law.

You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depositary's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

Exhibit 4.11

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "**Agreement**") is made as of July 22, 2020 (the "**Execution Date"),** by and among Q&K International Group Limited, an exempted company incorporated under the laws of the Cayman Islands (the "**Purchaser**"), and Great Alliance Co-living Limited, a limited liability company duly incorporated and validly existing under the laws of the British Virgin Islands (the **"Seller"**). Seller and Purchaser are referred to herein each as a "**Party**" and collectively as the "**Parties**." Capitalized terms not otherwise defined shall have the meaning ascribed to such terms in **Annex I.**

WHEREAS, Seller engages in the apartment rental business (the "**Business**"), and owns certain material intangible assets in connection with the Business; and

WHEREAS, Purchaser wishes to purchase from Seller and Seller is willing to sell to Purchaser, such intangible assets in connection with the Business, on and subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual representations, warranties, covenants and agreements hereinafter set forth, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I
PURCHASE AND SALE

1.1 Sale and Transfer of Local Purchased Assets. Pursuant to the terms of this Agreement, at the Closing, the Seller agrees to sell and hereby sells, assigns, transfers and delivers to the Purchaser and the Purchaser agrees to purchase and hereby acquires and accepts from the Seller, free and clear of all Liens, all of the Seller's right, title and interest in, to and under (i) items set out in Schedule 1 to this Agreement ("**Transferred Copyrights**"), (ii) the goodwill associated with the Business, (iii) any and all trade secrets and know-how of the Business, and (iv) confidential information related to the Business (collectively, the "**Purchased Assets**").

1.2 Purchase Price. In consideration of the sale and transfer of the Purchased Assets and the covenants and obligations of the Seller under Section 7.2 hereof and other provisions contained herein, the Purchaser agrees to pay an aggregate purchase price of US$29,000,000 ("**Purchase Price**") to the Seller in accordance with the terms and conditions provided hereof, which shall not be subject to any reductions, adjustments and/or withholdings.

1.3 Payment of Purchase Price. The Purchase Price shall be paid, in three installments as set forth below, by the Purchaser by wire transfer in immediately available funds of US dollar to the account(s) designated by the Seller, among which:

(a) US$5,800,000 shall be paid to the Seller within five (5) Business Days after the Execution Date;

(b) US$14,500,000 shall be paid to the Seller upon the First Closing Date;

(c) US$8,700,000 shall be paid to the Seller upon the Second Closing Date.

The Seller shall provide the detailed information of the account(s) for receiving the Purchase Price hereunder to the Purchaser at least five (5) Business Days prior to the respectively payment date.

ARTICLE II
CLOSING

2.1 First Closing.

(a) **First Closing.** Subject to the fulfillment of the conditions to the closings as set forth in Section 5.1 and Section 6.1, the first closing of the purchase and sale of the Purchased Assets (the "**First Closing")** shall take place on a date specified by the Parties, which date shall be no later than thirty (30) Business Days after the satisfaction or waiver of each condition to the closing for the first closing as set forth in Section 5.1 and Section 6.1 (the "**First Closing Date**").

(b) **Deliveries by the Seller at First Closing.** At the First Closing, based on the specific types of the assets in the Purchased Assets, the Seller shall deliver to the Purchaser a compliance certificate dated as of the First Closing signed by a duly authorized representative of the Seller, as applicable, certifying that all of the conditions set forth in Section 5.1 have been fulfilled.

(c) **Deliveries by the Purchaser at First Closing.** At the First Closing, the Purchaser shall cause 50% of the Purchase Price (i.e., US$14,500,000) to be paid by wire transfer in immediately available funds to the bank account(s) designated by the Seller.

2.2 Second Closing Deliverables of Seller.

(a) **Second Closing.** Subject to the fulfillment of the conditions to the closings as set forth in Section 5.2 and Section 6.2, the second closing of the purchase and sale of the Purchased Assets (the "**Second Closing**", together with the First Closing, collectively the "**Closing**") shall take place on a date specified by the Parties, which date shall be no later than five (5) Business Days after the satisfaction or waiver of each condition to the closing for the second closing as set forth in Section 5.2 and Section 6.2 (the "**Second Closing Date**", together with the First Closing Date, each a **"Closing Date")**.

(b) **Deliveries by the Seller at Second Closing.** At the Second Closing, based on the specific types of the assets in the Purchased Assets, the Seller shall deliver to the Purchaser a compliance certificate dated as of the Second Closing signed by a duly authorized representative of the Seller, as applicable, certifying that all of the conditions set forth in Section 5.2 have been fulfilled.

(c) **Deliveries by the Purchaser at Second Closing.** At the Second Closing, the Purchaser shall cause the remaining 30% of the Purchase Price (i.e., US$8,700,000) to be paid by wire transfer in immediately available funds to the bank account(s) designated by the Seller.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER

The Seller hereby represents and warrants to Purchaser as of each Closing Date as follows:

3.1 Organization and Good Standing. The Seller is duly organized, validly existing and in good standing under the Laws of the British Virgin Islands. The Seller is not in, nor is it anticipated to enter into, liquidation, dissolution, bankruptcy, insolvency or winding-up.

3.2 Due Authorization. This Agreement has been duly executed and delivered by the Seller and, when executed and delivered, constitutes valid and legally binding obligations of the Seller, enforceable against the Seller in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

3.3 No Violation. Neither the execution nor delivery of this Agreement nor the full performance by the Seller of its obligations hereunder will violate any applicable Law to which the Seller is subject or any Constitutional Documents of the Seller.

3.4 Consents and Approvals. Approvals on the part of the Seller required in connection with its valid execution, delivery, or performance of the transactions contemplated by this Agreement, to the extent applicable, have been or will be obtained by the Seller prior to the First Closing.

3.5 Title. the Transferor owns the independent, good, valid and lawful title to the Purchased Assets which is free and clear of any encumbrance.

3.6 Conditions of Transferred Assets. To the Seller's Knowledge, the Purchased Assets are under maintenance in normal industrial practice, are in good operation and reparation conditions (except fair tear and wear), and can be used for the current purposes.

3.7 Full Disclosure. The representations and warranties made by Seller in this Agreement and the deliveries to be delivered pursuant to this Agreement do not contain any untrue statement of material fact or omit to state a material fact necessary to make any of them in the light of the circumstances in which they were made, not misleading.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to the Seller as of the Closing Date as follows:

4.1 Organization and Good Standing. The Purchaser is duly incorporated, validly existing and in good standing under the Laws of the Cayman Islands and has all requisite power and authority to perform its obligations under this Agreement. The Company is not in, nor is it anticipated to enter into, liquidation, dissolution, bankruptcy, insolvency or winding-up.

4.2 Due Authorization of Agreement. This Agreement has been duly executed and delivered by the Purchaser and, when executed and delivered, constitutes valid and legally binding obligations of the Purchaser, enforceable against the Purchaser in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4.3 Conflicts; Consents of Third Parties. Other than those which will have been made or obtained, as applicable, as of the First Closing, no waiver, Order, Permit or Consent of any Person or Governmental Authority is required on the part of Purchaser in connection with the execution and delivery of this Agreement or the compliance by Purchaser with any of the provisions hereof, or the consummation of the transactions contemplated hereby.

4.4 Due Diligence. The Purchaser is a buyer with relevant information and experience, and has employed experts and consultants with rich experience in the business of apartment rental. The Purchaser has made investigation, and has received, and appraised, all the documents and information necessary for making a wise decision regarding the execution, delivery and performance of this Agreement. The Purchaser agrees, on the basis of its review, inspection and identification of the Purchased Assets in all aspects, to receive the Purchased Assets on an "as it is" basis" on the First Closing Date, without reliance upon any representations or warranties of any nature, explicit or implied, made by or on behalf of the Seller or otherwise attributable to the Seller (except for those expressly set forth herein).

ARTICLE V
CONDITIONS OF THE PURCHASER'S OBLIGATIONS AT THE CLOSING

5.1 Conditions of the Purchaser's Obligations to the Seller at the First Closing. The obligations of the Purchaser to consummate the First Closing are subject to the fulfillment or waive by the Purchaser in writing of each of the following conditions:

(a) The representations and warranties of the Seller set forth in Article III shall be true and correct as of the First Closing.

(b) All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to the Purchaser, and the Purchaser shall have received all such counterpart original or other copies of such documents as it may reasonably request.

(c) Based on the specific types of the assets in the Purchased Assets, the Seller shall complete the transfer of any and all rights and interests, such as right of possession, right of use, right to earnings and right of disposition, in, to and of the Purchased Assets in methods agreed by the Parties, deliver to the Purchaser all the documents and materials related to the Purchased Assets, and shall provide all the electronic data and technical materials related to the Purchased Assets as reasonably requested by the Purchaser.

(d) The Seller shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the First Closing.

(e) There shall have been no Material Adverse Effect since the date of this Agreement.

(f) The Seller shall have executed and delivered to the Purchaser at the First Closing a certificate stating that, with respect to the Company only, the conditions specified in Sections 5.1 hereto have been fulfilled.

5.2 Conditions of the Purchaser's Obligations to the Seller at the Second Closing. The obligations of the Purchaser to consummate the Second Closing are subject to the fulfillment or waive by the Purchaser in writing of each of the following conditions:

(a) The representations and warranties of the Seller set forth in Article III shall be true and correct as of the Second Closing.

(b) The Seller shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Second Closing.

(c) The Seller shall have executed and delivered to the Purchaser at the Second Closing a certificate stating that, with respect to the Company only, the conditions specified in Sections 5.2 hereto have been fulfilled.

(d) There shall have been no Material Adverse Effect since the date of this Agreement.

ARTICLE VI
CONDITIONS OF THE SELLER'S OBLIGATIONS AT THE CLOSING

6.1 Conditions of the Seller's Obligations to the Purchaser at the First Closing. The obligations of the Seller to consummate the First Closing are subject to the fulfillment or waive by the Seller in writing of each of the following conditions:

(a) The representations and warranties of the Purchaser set forth in Article IV shall be true and correct as of the First Closing.

(b) The Purchaser shall have paid 20% of the Purchased Price (i.e., US$5,800,000) within five (5) Business Days after the Execution Date pursuant to Section 1.3 above.

6.2 Conditions of the Seller's Obligations to the Purchaser at the Second Closing. The obligations of the Seller to consummate the Second Closing are subject to the fulfillment or waive by the Seller in writing of each of the following conditions:

(a) The representations and warranties of the Purchaser set forth in Article IV shall be true and correct as of the Second Closing.

(b) The Purchaser shall have paid 50% of the Purchased Price (i.e., US$14,500,000) at the First Closing pursuant to Section 1.3 above.

ARTICLE VII
COVENANTS

7.1 Post-Closing Cooperation. Following the First Closing Date, the Seller shall provide all cooperation reasonably requested by the Purchaser in connection with the change of registration with respect to the Transferred Copyrights. Such cooperation shall include, without limitation, upon the request of Purchaser and without further consideration, in a timely manner execute and deliver to Purchaser such other documents, releases, assignments and other instruments as may be reasonably required to effectuate completely the transfer and assignment to Purchaser of, and to vest fully in Purchaser all of such Seller's rights to, the Transferred Copyrights.

7.2 Non-Competition.

(a) In consideration of the Purchaser Price to be paid by the Purchaser and consummation of the transactions provided for herein, the Seller agrees that, during the Relevant Period and the Restricted Period, the Seller will not, directly or indirectly, engage in any Competitive Business Activity in any state or country in which the Purchaser conducts the Business (other than as a holder of less than five percent (5%) of the outstanding capital stock of a publicly traded company). For the avoidance of doubt, the provision of operating, management and related services by the Seller or its Affiliate(s) to the Purchaser and/or its Affiliate(s) shall not be deemed a violation of this Section 7.2.

For the purposes of this Agreement: "**Competitive Business Activity**" means, with respect to any Person, any of the following: (i) actively engaging, either directly by such Person, or through any subsidiary, affiliate, partnership, joint venture, agent, or other Person, in the Business or the provision of services related thereto that competes with the Business; (ii) soliciting of customers, business, patronage or order for, or sell, any products or services in competition with, or for any business that competes with, the Business as of the date hereof; (iii) diverting, enticing, or taking away of any customers, business or patronage from the Business, or any attempt to do so for any business that competes with the Business; or (iv) promoting or assisting, financially or otherwise, or consulting for or otherwise providing services to, any Person engaged in any business that competes with the Business; "**Relevant Period**" means the period from the Execution Date until the earlier of (i) the eighth (8^{th}) anniversary of the Execution Date, and (ii) the date the Seller and its Affiliate(s) ceases to providing operating, management and other related services in connection with the Business to the Purchaser and/or any of its Affiliates; and "**Restricted Period**" means two (2) years after the expiration of the Relevant Period.

(b) The Seller acknowledge that the goodwill associated with the Business prior to the transactions contemplated by this Agreement is an integral component of the value of the Business and is reflected in the value of the consideration being paid for the Purchased Assets. The Seller also acknowledge that the limitations of time, geography and scope of activity agreed to in this Section 7.2 are reasonable and necessary to protect the legitimate business interests of the Purchaser, which include the protection of (x) valuable confidential information related to the Business, (y) substantial relationships with customers of the Business and (z) customer goodwill associated with the ongoing business, because, among other things: (A) the Business is in a highly competitive industry, (B) Seller has had access to, and may continue to have access to, trade secrets and know-how of the Business, (C) the Competitive Business Activity is substantially the Business, (D) Seller is expected to benefit from the transactions contemplated by this Agreement.

7.3 Press Releases and Announcements. No Party, nor any of their Affiliates, shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other Parties hereto.

7.4 Taxes. Each Party hereto shall bear its own tax obligations in relation to the transactions under this Agreement.

ARTICLE VIII
SURVIVAL AND INDEMNIFICATION

8.1 Survival of Representations and Warranties and Covenants.

(a) The representations and warranties of the Seller in this Agreement shall survive for a period of two years after the First Closing Date.

(b) The covenants contained in this Agreement shall survive Closing according to their terms.

8.2 Indemnification.

(a) Each of the Purchaser and the Seller ("**Indemnifying Party**") hereby agrees to indemnify the other Party ("**Indemnified Party**") against any and all direct damages (excluding, however, lost profits, indirect damages, and consequential damages), costs and expenses (including, without limitation, reasonable legal, accounting and other fees and expenses of professional advisers, but excluding internal administrative costs) (collectively, "**Losses**") suffered by the Indemnified Party, as a result of, or based upon or arising from any inaccuracy in any of the representations and warranties or breach or nonperformance of covenants or agreements of the Indemnified Party in this Agreement ("**Breach**").

(b) If the Purchaser defaults in the payment when due of any sum payable under this Agreement, the liability of the Purchaser shall be increased to include an amount equal to interest on such sum from and including the date when such payment is due until the date of actual payment at a daily rate of 0.05% ("**Delay Payment Interest**"). If the Purchaser fails to pay any installment of the Purchase Price in accordance with Section 1.3 above, and fails to make such payment in full within five (5) Business Days from the date of the Seller's written request, in addition to any other remedies available to the Seller hereunder, the Purchaser shall pay an additional amount equal to US$2,000,000 as liquidated damages ("**Breach Payment**"). Each of the Parties acknowledges that the Delay Payment Interest and the Breach Payment is not a penalty, but is liquidated damages, in a reasonable amount that will compensate the Party entitled to such payment for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement, which amount would otherwise be impossible to calculate with precision in advance. If a court of competent jurisdiction or arbitration tribunal determines that the Delay Payment Interest or the Breach Payment is unreasonable or unenforceable, it is the intention and the agreement of the Parties that this Section 8.2 shall be construed by the court or arbitration tribunal (as applicable) in such a manner as to impose only those liquidated damages that are reasonable in light of the circumstances and as are necessary to assure to the party entitled to such payment the benefits of this Agreement.

(c) The maximum liability of each Indemnifying Party under this Agreement shall not exceed the lesser of (the "**Maximum Liability**"): (i) the aggregate amount received by the Seller from the Purchaser pursuant to this Agreement as at the date of the breach, or (ii) the Purchase Price; provided that in the case of fraud or willful misconduct, in which there shall not be any limit on liabilities.

8.3 Sole Remedy; Waiver. Except in the case of fraud, the Parties hereto acknowledge and agree that after the Closing, the remedies provided for in ARTICLE VIII of this Agreement shall be the Parties' sole and exclusive remedy with respect to any misrepresentation or breach of warranty under Article III and Article IV, it being understood that the foregoing limitations shall not apply in respect of a claim of fraud or for the remedies of injunctive relief or specific performance set forth herein.

8.4 No Set-Off. Neither Purchaser nor Sellers shall have any right to set-off any Losses (including indemnification obligations under ARTICLE VIII) against any payments to be made by either of them pursuant to this Agreement or otherwise.

ARTICLE IX
CONFIDENTIALITY

9.1 Each Party acknowledges and agrees that the following are confidential ("**Confidential Information**"): this Agreement, the transactions contemplated herein, information regarding this Agreement, information regarding the Purchaser, the Seller and their respective Affiliates, and information, materials and documents obtained pursuant to this Agreement, with the exception that any of the foregoing which (i) is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement or other obligation of confidentiality, (ii) was available on a non-confidential basis prior to its disclosure pursuant to this Agreement or the transactions contemplated hereunder, or (iii) becomes available on a non-confidential basis from a Person who is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation.

9.2 No disclosure of the Confidential Information is permitted except (i) to employees and/or business, legal or financial advisors of the Purchaser or the Seller as necessary to the performance of its obligations in connection herewith and with this Agreement so long as such Persons agree to maintain the confidentiality of the Confidential Information so disclosed, (ii) as the parties hereto may mutually agree in writing (including the language on any disclosure), (iii) to any Governmental Authority to the extent reasonably required for the purposes of the tax affairs of the party, (iv) to the extent advised by competent legal counsel that such disclosure is required by applicable Law (including but not limited to the rules or requirements of any stock exchange) or Governmental Authority, in which case the parties hereto shall, to the extent allowed under the circumstances, in good faith attempt to agree on the content of the disclosure, and (v) that the Purchaser and/or the Seller may be required to file with the SEC such schedules and forms as may be required under Section 13(d) of the 1934 Act or any other applicable Law, as applicable, which may need to contain as an exhibit thereto a copy of this Agreement. The covenants set forth in this Article IX will survive any termination of this Agreement.

ARTICLE X
TERMINATION OF AGREEMENT

10.1 Grounds for Termination. This Agreement may be terminated at any time prior to the Second Closing:

(a) by mutual written agreement of the Purchaser and the Seller;

(b) by written notice from any party hereto if there shall be any applicable Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited;

(c) by a written notice from any party hereto that is not in material breach of this Agreement to the party hereto that is in material breach of its representations, warranties or obligations under this Agreement and such breach (if capable of remedy) is not remedied within twenty (20) Business Days after its receipt of a written notice from the other party requesting the remedy of such breach.

10.2 Effect of Termination.

(a) If this Agreement is terminated, this Agreement shall cease to have any further effect, provided that (i) no Party shall be relieved of any liability for a breach of this Agreement or for any misrepresentation hereunder, nor shall such termination be deemed to constitute a waiver of any available remedy (including specific performance if available) for any such breach or misrepresentation; and (ii) provisions of Article VIII, Article IX, Section 10.2, Section 11.3 and Section 11.4 shall survive such termination.

(b) If this Agreement is terminated as permitted by Section 10.1(a) or (b), (i) such termination shall be without liability of either Party (or any shareholder, director, officer, employee, agent, consultant or representative of such party) to the other party to this Agreement; and (ii) the Purchase Price actually paid by the Purchaser shall be returned to the Purchaser, and the Purchased Assets actually transferred to the Purchaser shall be returned to the Seller, in each case within three (3) Business Days after such termination.

(c) If this Agreement is terminated by the Seller solely due to Purchaser's breach of its obligation to pay the first installment of the Purchase Price (i.e., US$5,800,000) pursuant to Section 1.3(a) above, in addition to the return of the Purchased Assets, the Purchaser shall pay the Breach Payment as set forth in Section 8.2(b) to the Seller within three (3) Business Days after such termination.

(d) If this Agreement is terminated by the Seller solely due to Purchaser's breach of its obligations to consummate each Closing after satisfaction of all closing conditions under Section 5.1 or Section 5.2, in consideration of the resources provided and efforts that have been made by the Seller in the negotiation and performance of the transaction contemplated hereunder, in addition to the return of the Purchased Assets, the Purchase Price that has been paid by the Purchaser to the Seller hereunder shall be owned by the Seller and shall not be refundable to the Purchaser; provided however, in this case, the Breach Payment as set forth in Section 8.2(b) shall no longer apply.

ARTICLE XI
MISCELLANEOUS

11.1 Expenses. Except as otherwise provided in this Agreement, each Seller and Purchaser shall bear their own expenses incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby.

11.2 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto) represents the entire understanding and agreement between the Parties hereto with respect to the subject matter hereof. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by each Seller and Purchaser. No action taken pursuant to this Agreement, including without limitation, any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

11.3 Governing Law and Dispute Resolution.

(a) This Agreement shall be governed by and construed exclusively in accordance with the law of the State of New York, without regard to the conflicts of law rules of such state.

(b) The Parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. If the negotiations do not resolve the dispute to the reasonable satisfaction of all Parties within thirty (30) days after the commencement of the negotiation, such dispute shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre ("**HKIAC**"). The arbitration shall be conducted in Hong Kong and shall be administered by the HKIAC in accordance with the HKIAC Administered Arbitration Rules in force at the time of the commencement of the arbitration. The dispute shall be referred to an arbitration tribunal consisting of three (3) arbitrators appointed in accordance with the HKIAC Administered Arbitration Rules. The decision of the tribunal shall be final and binding on the Parties, and the prevailing Party may apply to a court of competent jurisdiction for enforcement of such award. The costs and expenses of the arbitration, including the fees of the arbitral tribunal, shall be borne and paid by the Parties in such proportions as the arbitral tribunal shall determine. The language of the arbitration shall be English.

11.4 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight courier service, by facsimile or registered or certified mail (postage prepaid, return receipt requested) or by electronic mail to the respective Parties at the addresses specified on Schedule 2 hereto (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.4). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by facsimile or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day.

11.5 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced due to any Law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

11.6 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the Parties. This Agreement and the rights and obligations therein may not be assigned by any Party without the written consent of the other Parties.

11.7 Counterparts. This Agreement may be executed in one or more counterparts, including by way of electronic transmission, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Agreement on the date first above written.

Q&K International Group Limited

By: /s/ Chengcai Qu
Name:
Title: Director
[Chop:Q&K International Group Limited]

IN WITNESS WHEREOF, the Parties have executed and caused this Asset Purchase Agreement to be executed and delivered on the date first above written.

SELLER:

Great Alliance Co-living Limited

By: 
Name:
Title:

ANNEX I

CERTAIN DEFINITIONS

The following terms, as used in this Agreement, have the following meanings:

"Affiliate" means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person; provided that neither the Purchaser nor any Subsidiary shall be considered an Affiliate of the Seller.

"Agreement" has the meaning set forth in the Recitals.

"Approval" means any approval, authorization, release, order, consent, license or permit required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person.

"Business" has the meaning set forth in the Recitals.

"Business Day" means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by Applicable Laws to be closed in the PRC, the United States, Hong Kong, the British Virgin Islands or the Cayman Islands.

"Closing" has the meaning set forth in Section 2.2.

"Closing Date" has the meaning set forth in Section 2.2.

"Confidential Information" has the meaning set forth in Section 9.1.

"Consent" means any approval, consent, ratification, waiver or other authorization of any Person.

"Constitutional Document" means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

"Control" of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors or equivalent governing body of such Person. The terms "Controlled" and "Controlling" have meanings correlative to the foregoing.

"Governmental Authority" means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory, foreign exchange or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction (with each of such Governmental Authorities being referred to as a "Governmental Authority").

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Law" means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure, in each case of any Governmental Authority.

"Lien" means any lien, encumbrance, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, right of first refusal, easement, servitude or transfer restriction.

"Material Adverse Effect" means any (i) event, occurrence, fact, condition, change or development that has had, has, or could reasonably be expected to have, individually or together with other events, occurrences, facts, conditions, changes or developments, a material adverse effect on the business, properties, assets, employees, operations, results of operations, condition (financial or otherwise), prospects, assets or liabilities of the Seller taken as a whole, (ii) material impairment of the ability of any Party to perform the material obligations of such party under any this Agreement, or (iii) material impairment of the validity or enforceability of this Agreement against any Party hereto.

"Order" means any order, injunction, judgment, decree, consent decree, ruling, writ, assessment or award of a Governmental Authority.

"Permits" means any approvals, authorizations, Consents, licenses, permits or certificates of, or registrations with, a Governmental Authority.

"Person" means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

"PRC" means the People's Republic of China and for purposes of this Agreement, excludes Hong Kong, Macao Special Administrative Region and Taiwan.

"Purchase Price" has the meaning set forth in Section 1.2.

"Purchaser" has the meaning set forth in the Recitals.

"Seller" has the meaning set forth in the Recitals.

"Sellers' Knowledge" means the actual knowledge after due inquiry of a particular fact or other matter of Han Guang (韩光). The words "know," "knowing" and "known" shall be construed accordingly.

"Subsidiary" means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.

SCHEDULE 1

LIST OF TRANSFERRED COPYRIGHTS

No.	Name of the Computer Software Copyright	Registration Number
1.	Meiliwu APP Software (Android Version) [short name: Meiliwu] V4.3.4	2019SR1447996
2.	Meiliwu APP Software (IOS Version) [short name: Meiliwu] V4.3.5	2019SR1447985

Exhibit 4.12

AGREEMENT

This Agreement (this "**Agreement**") is made as of July 22, 2020 (the "**Execution Date**"), by and among Q&K International Group Limited, an exempted company incorporated under the laws of the Cayman Islands (the "**Purchaser**"), and Great Alliance Co-living Limited, a limited liability company duly incorporated and validly existing under the laws of the British Virgin Islands (the "**Seller**"). Seller and Purchaser are referred to herein each as a "**Party**" and collectively as the "**Parties**."

Reference is made to the ASSET PURCHASE AGREEMENT (the "**APA**") entered into by and between the Seller and the Purchaser dated as of July 22, 2020.

For the purpose of clarifying the arrangements under the APA, the Seller and the Purchaser agree as follows:

1. Conditions Precedent.

Notwithstanding anything to the contrary as contained in the APA, the Parties mutually agree that,

(a) in addition to those as set forth in Section 5.1 of the APA, the obligations of the Purchaser to consummate the First Closing are subject to the fulfillment or waive by the Purchaser in writing of the following condition: at least ninety percent (90%) of the bank account(s) receiving rental income under the Apartment Rental Agreements shall have been altered to the bank account(s) designated by the Assets Buyer.

(b) in addition to those as set forth in Section 5.2 of the APA, the obligations of the Purchaser to consummate the Second Closing are subject to the fulfillment or waive by the Purchaser in writing of the following condition: at least eighty percent (80%) of the lessees under the Original Leases shall have been altered to the Assets Buyer or any entities designated by the Assets Buyer.

2. Effect of Termination. In addition to Section 10.2 of the APA, the Parties hereby agree that, upon termination of the APA:

(a) the Onshore Transfer Agreement shall be terminated automatically;

(b) the Purchaser shall procure the Asset Buyer to return the Target Units and all other assets which have been transferred pursuant to the Onshore Transfer Agreement to the Assets Sellers; and

(c) the Purchaser shall be entitled to cancel and forfeit any shares which have been issued to the Seller under the Share Subscription Agreement.

3. Effectiveness. This Agreement shall take effect and become legally binding on the Parties concurrently with the execution of the APA.

4. Definition.

(a) The following terms used in this letter agreement shall be construed to have the meanings set forth or referenced below.

"**Apartment Rental Agreements**" means the apartment rental agreements of Target Units between the Assets Sellers and their tenants.

"**Asset Buyer**" means Chengdu Liwu Apartment Management Limited (成都黎武公寓管理有限公司 in Chinese).

"**Asset Sellers**" means, collectively, Beijing Lianyou Life Technology Limited (北京联优生活科技有限公司 in Chinese), Beijing Lianyou Life Property Management Limited (北京联优生活物业管理有限公司 in Chinese), Beijing Lianyou Life Smart Property Management Limited (北京联优生活智选物业管理有限公司 in Chinese) and Beijing Meiliwu Asset Management Limited (北京美丽屋资产管理有限公司 in Chinese), and "Asset Seller" means any of the foregoing.

"**Original Leases**" means the original leases of Target Units between the Assets Sellers and Target Units' original lessor.

"**Share Subscription Agreement**" means the share subscription agreement by and between the Purchaser and the Seller dated as of July 22, 2020.

"**Target Units**" means 72,181 apartment rental units transferred by the Asset Sellers to the Asset Buyer pursuant to an Asset Purchase Agreement dated as of July 22, 2020 (the "**Onshore Transfer Agreement**").

(b) Capitalized terms used but not defined herein shall have the meanings set forth in the APA.

5. No Modification. This Agreement may not be amended or otherwise modified without the prior written consent of the Seller and the Purchaser.

6. Miscellaneous. Article IX (Confidentiality) and Section 11.3 (Governing *Law and Dispute Resolution)* shall apply to this Agreement *mutatis mutandis.*

7. Counterparts. This Agreement may be executed in one or more counterparts, including by way of electronic transmission, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have executed and caused this Asset Purchase Agreement to be executed and delivered on the date first above written.

PURCHASER:

Q&K International Group Limited

By: /s/ Chengcai Qu
Name:
Title: Director
[Chop:Q&K International Group Limited]

IN WITNESS WHEREOF, the Parties have executed and caused this Asset Purchase Agreement to be executed and delivered on the date first above written.

SELLER:

Great Alliance Co-living Limited

By: 
Name:
Title:

Exhibit 4.13

SHARE SUBSCRIPTION AGREEMENT

This SHARE SUBSCRIPTION AGREEMENT (this "Agreement") is made and entered into on July 22, 2020 by and among:

1. Q&K International Group Limited, an exempted company incorporated under the laws of the Cayman Islands (the "Company"); and
2. Great Alliance Co-living Limited, a limited liability company duly incorporated and validly existing under the laws of the British Virgin Islands (the "Subscriber").

Each of the parties to this Agreement is referred to herein individually as a "Party" and collectively as the "Parties".

RECITALS

A. On July 22, 2020, Chengdu Liwu Apartment Management Limited (the "Assets Buyer", 成都黎武公寓管理有限公司 in Chinese), an Affiliate of the Company, entered into an Asset Purchase Agreement (the "APA", 《资产转让协议》 in Chinese) with four Affiliates of the Subscriber, namely, Beijing Lianyou Life Technology Limited (北京联优生活科技有限公司 in Chinese), Beijing Lianyou Life Property Management Limited (北京联优生活物业管理有限公司 in Chinese), Beijing Lianyou Life Smart Property Management Limited (北京联优生活智选物业管理有限公司 in Chinese) and Beijing Meiliwu Asset Management Limited (北京美丽屋资产管理有限公司 in Chinese) (the said four Affiliates are referred to hereinafter collectively as the "Assets Sellers").

B. Pursuant to the APA, the Assets Buyer agrees to acquire from the Asset Sellers and the Assets Sellers agrees to sell to the Assets Buyer a series of apartment-renal-related assets (the "Target Assets") including but not limited to 72,181 apartment rental units ("Target Units"). Pursuant to the APA, all debts and liabilities arising out of Target Assets as of Asset Closing Date ("Asset Closing Liabilities") are to be assumed by the Assets Buyer.

C. As a reward for the Subscriber's assistance in procuring the Assets Sellers' fulfillment of their Obligations under the APA and all the Ancillary Documents thereto, the Company intends to issue to the Subscriber, and the Subscriber intends to subscribe for, a number of Class A Ordinary Shares of the Company (the "**Issuance of Reward Shares**").

NOW, **THEREFORE**, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereto hereby agree as follows:

1. Definitions.

1.1 Unless otherwise provided herein, any capitalized terms shall have the respective meanings ascribed to or as referenced for them in Exhibit A.

1.2 Unless a provision hereof expressly provides otherwise: (i) the term "or" is not exclusive; (ii) the terms "herein," "hereof," and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; (iii) the masculine, feminine, and neuter genders will each be deemed to include the others; (iv) the definitions of terms are equally applicable both to the singular and plural forms of such terms; (v) references to an agreement or other document are to it as amended, supplemented, restated and otherwise modified from time to time and to any successor document (whether or not already so stated); (vi) references to a Person are references to such Person's successors and permitted assigns (whether or not already so stated); (vii) references to dollars or to "US$" are to currency of the U.S.; (viii) references to "U.S." or "United States" are to the United States of America; and (ix) whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

2. Issuance of Reward Shares.

2.1 Number of the Reward Shares to be Issued. The Parties hereby acknowledge and agree that, subject to the terms and conditions hereof, the Company shall sell and issue to the Subscriber and/or the entities as designated by the Subscriber in writing (the "**Designated Entities**") an aggregate number of Class A Ordinary Shares (the "Reward Shares") that shall be calculated in accordance with the formula below, at a price of US$0.00001 per share (the "Purchase Price Per Share"):

Number of Reward Shares = (USD 101,000,000 (the "Reward Value") - Asset Closing Liabilities) ÷ Average closing price of ADS of ninety (90) days prior to the execution of the APA (the "Average ADS Price") * 30,

For the purpose of this Agreement, the Parties hereby acknowledge and agree that, the Asset Closing Liabilities is estimated to be USD 35,000,000 as of the APA Closing Date (the "Estimated Asset Closing Liabilities"), which shall be subject to any subsequent adjustment as mutually confirmed by the Assets Buyer and the Assets Sellers based on audit and verification as of the APA Closing Date (the "Adjusted Asset Closing Liabilities").

2.2 Adjustment of Number of Issuable Reward Shares to be Issued. The Parties hereby acknowledge and agree that, in the event the Adjusted Asset Closing Liabilities is in excess of the Estimated Asset Closing Liabilities, such surplus shall be directly deducted from the Reward Value, and as a result of that, the number of Reward Shares issubale to the Subscriber pursuant to Section 2.1 shall be automatically adjusted. Subject to the terms and conditions set forth in this Agreement, the Company agrees to issue and allot to the Subscriber, and the Subscriber agrees to subscribe and pay for the aggregate number of Reward Shares as set forth on Schedule I attached hereto, at an aggregate purchase price which shall be calculated in accordance with the formula below (the "**Aggregate Purchase Price**"):

Aggregate Purchase Price = Purchase Price Per Share * Number of Reward Shares.

2.3 Payment of Purchase Price. Subject to the terms and conditions hereof and in consideration of the Issuance of Reward Shares as set forth above, the Subscriber hereby agrees to pay the Aggregate Purchase Price.

2.4 Fulfillment by the Company of its Obligations. The Parties mutually agree that, the Subscriber is entitled to receive and hold all or any part of the Reward Shares through the Designated Entities. The Subscriber shall instruct the Company to issue and allot the Reward Shares pursuant to the allocation indicated by prior written notices ("Designated Allocations") no later than five (5) Business Days before the occurrence of each applicable Closing. For the avoidance of doubt, once the Company has issued and allotted the Reward Shares pursuant to the Designated Allocations, the Company's obligation of issuing and allotting shares hereunder shall be deemed as have been fulfilled. The Parties hereby acknowledge and agree that, in no event that shall the Company be responsible for performing any contractual obligations to the Designated Entities.

3. Closings.

3.1 Closings. The consummation of the sale and issuance of the Reward Shares pursuant to Section 2.2 shall take place, by three installments as set forth below, remotely via the exchange of documents and signatures as of the date hereof, among which:

(i) the Company shall sell and issue to the Subscriber (or its Designated Entities) the twenty percent (20%) of the total Reward Shares no later than thirty 30 days after the conditions as set forth in Section 4.1(i) are fulfilled or waived by the Company (the "Initial Closing");

(ii) the Company shall sell and issue to the Subscriber (or its Designated Entities) the fifty percent (50%) of the total Reward Shares no later than thirty 30 days after the conditions as set forth in Section 4.1(ii) are fulfilled or waived by the Company (the "Second Closing"); and

(iii) the Company shall issue and sell to the Subscriber (or its Designated Entities) the remaining thirty percent (30%) of the total Reward Shares no later than thirty (30) days after the conditions as set forth in Section 4.1(iii) are fulfilled or waived by the Company (the "Third Closing", together with the Initial Closing and the Second Closing, each as a "**Closing**" and collectively as "**Closings**", as the context may require)

3.2 Deliveries by the Company at each Closing. At each Closing, the Company shall deliver (or cause to be delivered) to the Subscriber:

(i) a copy of the share certificate in the name of the Subscriber (or its Designated Entities) representing the proportion of Reward Shares issuable at such Closing, with the original duly executed share certificate delivered to the Subscriber within 10 Business Days after such Closing; and

(ii) a copy of the updated register of members of the Company, certified by the registered office provider of the Company, reflecting the issuance to the Subscriber (or its Designated Entities) of the proportion of Reward Shares issuable at such Closing.

4. Conditions of the Company's Obligations at the Closings.

(i) The obligations of the Company to consummate the Initial Closing are subject to the fulfillment or waive by the Company in writing of each of the following conditions:

(a) The representations and warranties of the Subscriber set forth in Section 5 shall be true and correct as of the Initial Closing;

(b) The Subscriber shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it at or before the Initial Closing; and

(c) The APA and all of its Ancillary Document shall have been duly executed and delivered by all parties thereto.

(ii) The obligations of the Company to consummate the Second Closing with respect to the Subscriber are subject to the fulfillment or waive by the Company in writing of each of the following conditions:

(a) All of the percent conditions for Initial Closing as set forth in Section 4.1(i) are fulfilled or waived by the Company;

(b) The representations and warranties of the Subscriber set forth in Section 5 shall be true and correct as of the Second Closing;

(c) The Subscriber shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it at or before the Second Closing; and

(d) The Assets Sellers have altered (or caused to be altered) at least ninety percent (90%) of the bank account(s) receiving rental income under the Apartment Rental Agreements to the bank account(s) designated by the Assets Buyer;

(iii) The obligations of the Company to consummate the Third Closing are subject to the fulfillment or waive by the Company in writing of each of the following conditions:

(a) All of the percent conditions for Initial Closing and Second Closing are fulfilled or waived by the Company;

(b) The representations and warranties of the Subscriber set forth in Section 5 shall be true and correct as of the Third Closing; and

(c) The Subscriber shall have obtained any and all Approvals and waivers necessary for the consummation of the transactions contemplated hereby, each of which shall be in full force and effect as of the Third Closing; and

(d) The Assets Sellers have altered (or caused to be altered) at least eighty percent (80%) of the lessees under the Original Leases to the Assets Buyer or any entities designated by the Assets Buyer.

5. Representations and Warranties of the Company. The Company hereby represents and warrants to the Subscriber that the following statements will be true and correct as of each Closing:

5.1 Incorporation, Good Standing and Qualification. The Company is duly incorporated, validly existing and in good standing under the Laws of the Cayman Islands and has all requisite power and authority to perform its obligations under this Agreement. The Company is not in, nor is it anticipated to enter into, liquidation, dissolution, bankruptcy, insolvency or winding-up.

5.2 Due Authorization. This Agreement has been duly executed and delivered by the Company and, when executed and delivered, constitutes valid and legally binding obligations of the Company, enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

5.3 Valid Issuance. The Reward Shares will be duly and validly issued, fully paid and non-assessable, free of any Liens.

5.4 No Violation. Neither the execution nor delivery of this Agreement nor the full performance by the Company of its obligations hereunder will violate any applicable Law to which the Company is subject or any Constitutional Documents of the Company.

6. Representations and Warranties of the Subscriber. The Subscriber hereby represents and warrants with respect to itself to the Company that:

6.1 Organization; Good Standing and Qualification. The Subscriber is duly organized, validly existing and in good standing under the Laws of the place of its incorporation or establishment (to the extent the concept of good standing is applicable in such place). The Subscriber is not in, nor is it anticipated to enter into, liquidation, dissolution, bankruptcy, insolvency or winding-up.

6.2 Due Authorization. The Subscriber has the requisite power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution, delivery and performance by the Subscriber of this Agreement have been duly authorized by all necessary corporate or other action on the part of the Subscriber. This Agreement constitutes valid and legally binding obligations of the Subscriber, enforceable against the Subscriber in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

6.3 Consents and Approvals. No Approval is required to be obtained or made by or with respect to the Subscriber in connection with the execution, delivery or performance of this Agreement, or the consummation of the transactions contemplated hereby, by the Subscriber.

6.4 No Violation. Neither the execution nor delivery of this Agreement nor the full performance by the Subscriber of its obligations hereunder violates any applicable Law to which the Subscriber is subject or any Constitutional Document of the Subscriber.

6.5 US Securities Laws. (a) The Subscriber is purchasing the Reward Shares for investment for its own account, not as a nominee or agent, and not with a view to, or for sale in connection with, any distribution within the meaning of the Securities Act. The Subscriber exercises sole investment discretion with full power to make the acknowledgements, representations and agreements contained herein. The Subscriber (either alone or together with its advisors) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Reward Shares. The Subscriber has the ability to bear the economic risk of its investment in the Reward Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to its investment in the Reward Shares, and is able to sustain a substantial or complete loss of its investment in the Reward Shares.

6.6 Listed Shares. The Subscriber acknowledges that the Company's shares are listed on The NASDAQ Stock Market and the Company is therefore required to publish and make available publicly the Company SEC Documents which are necessary to enable the holders of the shares of the Company and the public to appraise the position of the Company and its Subsidiaries. The Subscriber understands that no disclosure or offering document has been prepared in connection with the sale of the Reward Shares. The Subscriber will not hold the Company, or any of their respective affiliates responsible for any misstatements in or omissions from any publicly available information concerning the Company including any Company SEC Documents.

6.7 Due Diligence. The Subscriber acknowledges and agrees that it has (a) conducted its own investigation with respect to the Reward Shares and the Company; (b) has had the opportunity to ask questions of and to receive answers from the Company and its Subsidiaries; (c) has had the opportunity to review all publicly available records and filings and all other documents concerning the Company and/or the Subsidiaries that it considers necessary or appropriate in connection with the purchase of the Reward Shares; (d) has received all information that it believes is necessary or appropriate in connection with its purchase of the Reward Shares; and (e) has consulted its own independent advisors or otherwise satisfied itself concerning, without limitation, the tax, legal, currency and other economic considerations related to the investment in the Reward Shares, and has only relied on the advice of, or has only consulted with, such independent advisers.

7. Covenants

7.1 Covenants by the Subscriber

(a) The Subscriber hereby understands, acknowledges and covenants that, as of the date of this Agreement and each Closing, no action has been taken to permit an offering of the Reward Shares in any jurisdiction and the Subscriber will not offer or sell any of the Reward Shares in any jurisdiction or in any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations; in particular, the Subscriber understands that the Reward Shares, when issued, are not being registered under the Securities Act, are being offered and sold in a transaction that does not involve any public offering in the United States within the meaning of the Securities Act and is exempt from the registration requirements of the Securities Act and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

(b) Lock-up Period. The Subscriber agrees and covenants that, it shall not, and shall procure each Designated Entity who will receive its respective portion of the Reward Shares not to Dispose of the respective portion of the Reward Shares until the expiration of the lock-up period ("Lock-up Period") as set forth below:

(i) for 30% of total Reward Shares, the Lock-up Period shall expire on June 30, 2021;

(ii) for up to 60% of total Reward Shares, the Lock-up Period shall expire on June 30, 2022; and

(iii) for the remaining 40% of total Reward Shares, the Lock-up Period shall expire on June 30, 2023.

For the avoidance of doubt, the Subscriber shall be entitled to, at its own discretion, determine the allocation of Reward Shares released pursuant to the schedule set forth above among the Designated Entities.

7.2 Registration Rights. The Company covenants and agrees as follows:

(a) Right to Piggyback. At any time after the expiration of the Lock-up Period, if the Company proposes to register any of its common equity securities under the Securities Act (other than a registration statement on Form S-8 or a related or successor form relating solely to an employee benefit plan or a registration on Form S-4 or a related or successor form relating solely to a transaction under SEC Rule 145), whether for its own account or for the account of one or more stockholders of the Company, and the registration form to be used may be used for any registration of Registrable Reward Shares (a "Piggyback Registration"), the Company shall give prompt written notice (in any event within 10 days after its receipt of notice of any exercise of other demand registration rights) to the Subscriber of its intention to effect such a registration and shall include in such registration all Registrable Reward Shares released pursuant to Section 7.1(b) above ("Released Reward Shares") with respect to which the Company has received written requests from the Subscriber for inclusion therein within 15 days after the receipt of the Company's notice, provided that, the Selling Expenses and a proportion part of the registration and filing fees, printing expenses (if required), fees of counsel and independent public accountants incurred by the Company in complying with the Piggyback Registration provided hereunder shall be borne by the Subscriber. "Registrable Reward Shares" means all the Class A Ordinary Shares beneficially owned by the Subscriber, any of the Designated Entities or any of their respective Affiliates from time to time (including, without limitation, any and all Class A Ordinary Shares issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, such Class A Ordinary Shares); provided, however, that Registrable Reward Shares shall not include any securities that are or became tradeable without restriction as to volume pursuant to Securities Act Rule 144 or that are sold by a Person either pursuant to a Registration Statement or Rule 144.

(b) Form S-3 or Form F-3 Registration. The Company shall use its best efforts to qualify for registration on Form S-3 or Form F-3 or any comparable or successor form promptly and to maintain such qualification thereafter. If the Company is qualified to use Form S-3 or Form F-3, the Subscriber shall have a right to request in writing that the Company effect a registration on either Form S-3 or Form F-3 and any related qualification or compliance with respect to all or a part of the Released Registrable Reward Shares.

(c) The Subscriber may deliver a written request to the Company, stating the number of Released Registrable Reward Shares requested to be registered, within thirty (30) days prior to the expiration of each Lock-up Period and at any time thereafter. Whenever required to effect the registration of any Released Registrable Reward Shares under this Section 7.2, the Company shall, as expeditiously as possible, take all commercially reasonable efforts and actions to effect the registration of such Released Registrable Reward Shares, including but without limitation, (i) prepare and file with the SEC a registration statement with respect to such Released Registrable Reward Shares and use its best efforts to cause such registration statement to become effective upon expiration of the respective Lock-up Period, and keep any such registration statement effective until the Subscriber (or any of the Designated Entities, as applicable) have completed the distribution described in the registration statement relating thereto; (ii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Released Registrable Reward Shares covered by such registration statement; (iii) take such further actions to cause all such Released Registrable Reward Shares covered by such registration statement to be listed listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed; and (iv) promptly notify the Subscriber of the progresses of such registration.

(d) Rule 144 Reporting. With a view to making available to the Subscriber the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Reward Shares to the public without registration, the Company agrees to:

(i) make and keep public information available, as those terms are understood and defined in Rule 144 or any similar or analogous rule promulgated under the Securities Act;

(ii) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Securities Act or the Exchange Act;

(iii) take such further action as the Subscriber may reasonably request, all to the extent required to enable the Subscriber to be eligible to sell Registrable Reward Shares pursuant to Rule 144 (or any similar rule then in effect).

(e) Notwithstanding the foregoing, upon expiration of the applicable Lock-up Period, at the election and request of the Subscriber, the Company shall provide all necessary cooperation and assistance so as to convert the Released Registrable Reward Shares into ADS of the Company as expeditiously as possible.

(f) All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 7.2(b), including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company, shall be borne by and paid by the Company.

8. Confidentiality.

(a) Each Party acknowledges and agrees that the following are confidential ("**Confidential Information**"): this Agreement, the transactions contemplated herein, information regarding this Agreement, information regarding the Company, the Subscriber and their respective Affiliates, and information, materials and documents obtained pursuant to this Agreement, with the exception that any of the foregoing which (i) is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement or other obligation of confidentiality, (ii) was available on a non-confidential basis prior to its disclosure pursuant to this Agreement or the transactions contemplated hereunder, or (iii) becomes available on a non-confidential basis from a Person who is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation.

(b) No disclosure of the Confidential Information is permitted except (i) to employees and/or business, legal or financial advisors of the Company or the Subscriber as necessary to the performance of its obligations in connection herewith and with this Agreement so long as such Persons agree to maintain the confidentiality of the Confidential Information so disclosed, (ii) as the parties hereto may mutually agree in writing (including the language on any disclosure), (iii) to any Governmental Authority to the extent reasonably required for the purposes of the tax affairs of the party, (iv) to the extent advised by competent legal counsel that such disclosure is required by applicable Law (including but not limited to the rules or requirements of any stock exchange) or Governmental Authority, in which case the parties hereto shall, to the extent allowed under the circumstances, in good faith attempt to agree on the content of the disclosure, and (v) that the Company, and/or the Subscriber may be required to file with the SEC such schedules and forms as may be required under Section 13(d) of the 1934 Act or any other applicable Law, as applicable, which may need to contain as an exhibit thereto a copy of this Agreement. The covenants set forth in this Section 8 will survive any termination of this Agreement.

9. Termination of Agreement.

9.1 **Grounds for Termination**. This Agreement may be terminated at any time prior to the Initial Closing:

(a) by mutual written agreement of the Company and the Subscriber;

(b) by written notice from any party hereto if there shall be any applicable Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited; or

(c) by a written notice from any party hereto that is not in material breach of this Agreement to the party hereto that is in material breach of its representations, warranties or obligations under this Agreement and such breach (if capable of remedy) is not remedied within twenty (20) Business Days after its receipt of a written notice from the other party requesting the remedy of such breach.

9.2 **Effect of Termination**. If this Agreement is terminated, this Agreement shall cease to have any further effect, except that provisions of Section 8, Section 9.2, Section 10.1 and Section 10.2 shall survive such termination.

10. Governing Law and Dispute Resolution.

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the law of the State of New York, without regard to the conflicts of law rules of such state.

10.2 Dispute Resolution. The Parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. If the negotiations do not resolve the dispute to the reasonable satisfaction of all Parties within thirty (30) days after the commencement of the negotiation, such dispute shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre ("HKIAC"). The arbitration shall be conducted in Hong Kong and shall be administered by the HKIAC in accordance with the HKIAC Administered Arbitration Rules in force at the time of the commencement of the arbitration. The dispute shall be referred to an arbitration tribunal consisting of three (3) arbitrators appointed in accordance with the HKIAC Administered Arbitration Rules. The decision of the tribunal shall be final and binding on the Parties, and the prevailing Party may apply to a court of competent jurisdiction for enforcement of such award. The costs and expenses of the arbitration, including the fees of the arbitral tribunal, shall be borne and paid by the Parties in such proportions as the arbitral tribunal shall determine. The language of the arbitration shall be English.

11. Miscellaneous

11.1 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the Parties. This Agreement and the rights and obligations therein may not be assigned by any Party without the written consent of the other Parties.

11.2 Entire Agreement. This Agreement, including any schedules and exhibits hereto, constitutes the entire understanding and agreement among the Parties with regard to the subjects of this Agreement.

11.3 Amendments. Any term of this Agreement may be amended only with the written consent of the Parties.

11.4 Notice. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight courier service, by facsimile or registered or certified mail (postage prepaid, return receipt requested) or by electronic mail to the respective Parties at the addresses specified on Schedule II hereto (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.4). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by facsimile or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day.

11.5 Delays or Omissions; Waivers. Upon any breach or default of any other Party under this Agreement, no delay or omission to exercise any right, power or remedy accruing to any Party shall impair any such right, power or remedy of such Party nor shall it or any waiver of any other breach or default theretofore or thereafter occurring be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring. Any waiver by any Party of any condition or breach or default under this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by Laws or otherwise afforded to any Party, shall be cumulative and not alternative.

11.6 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the Parties. In such event, the Parties shall use reasonable best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the Parties' intent in entering into this Agreement.

11.7 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless otherwise expressly provided herein, all references to sections, schedules and exhibits herein are to sections, schedules and exhibits of or to this Agreement.

11.8 Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement shall become effective when each Party shall have signed a counterpart.

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IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Agreement on the date first above written.

Q&K International Group Limited

By: /s/ Chengcai Qu
Name:
Title: Director
[Chop:Q&K International Group Limited]

IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Agreement on the date first above written.

Great Alliance Co-living Limited

By: 
Name:
Title: Authorized Signatory

EXHIBIT A DEFINITIONS

"ADS" means American depositary shares, each representing thirty (30) Class A Ordinary Shares.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person; provided that neither the Company nor any Subsidiary shall be considered an Affiliate of the Subscriber.

"Ancillary Documents" means all corporate actions on the part of each Assets Seller necessary for the authorization, execution and delivery of the APA, including the shareholders' and/or board resolution of such Assets Seller.

"Apartment Rental Agreements" means the apartment rental agreements of Target Units between the Assets Sellers and their tenants.

"Approval" means any approval, authorization, release, order, consent, license or permit required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person.

"APA Closing Date" has the meaning as ascribed to it in the APA, i.e. June 30, 2020.

"Asset Closing Liabilities" means all liabilities arising out of Target Assets as of Asset Closing Date, including but not limited to pre-paid rent and unpaid due rent under Original Leases, pre-paid rent under Apartment Rental Agreements, rental deposit under Original Leases and Apartment Rental Agreements, rental loan of current rental clients, liquidated damages, late fee, etc.

"Articles" means the Third Amended and Restated Memorandum and Articles of Association of the Company, as adopted on September 30, 2019 and as in full force and effect immediately upon the closing of the Offering on November 7, 2019.

"Business Day" means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by Applicable Laws to be closed in the PRC, the United States, Hong Kong, the British Virgin Islands or the Cayman Islands.

"Constitutional Document" means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

"Class A Ordinary Shares" means the class a ordinary shares, par value US$0.00001 per share, of the Company, with the rights and privileges as set forth in the Articles.

"Control" of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors or equivalent governing body of such Person. The terms "Controlled" and "Controlling" have meanings correlative to the foregoing.

"Dispose of" with respect to the Reward Shares, means lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Reward Share which it acquired by virtue of the Reward Shares or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the equity securities of the Company, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of the Reward Shares or such other securities, in cash or otherwise.

"Governmental Authorities" means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory, foreign exchange or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction (with each of such Governmental Authorities being referred to as a "Governmental Authority").

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Law" means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure, in each case of any Governmental Authority.

"Lien" means:

(a) any mortgage, charge, lien, pledge or other encumbrance securing any obligation of any Person;

(b) any option, right to acquire, right of pre-emption, right of set-off or other arrangement under which money or claims to, or for the benefit of, any Person may be applied or set off so as to effect discharge of any sum owed or payable to any Person; or

(c) any equity, assignment, hypothecation, title retention, claim, restriction, power of sale or other type of preferential arrangement the effect of which is to give a creditor in respect of indebtedness a preferential position in relation to any asset of a Person on any insolvency proceeding of that Person.

"Original Leases" means the original leases of Target Units between the Assets Sellers and Target Units' original lessor.

"Person" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"PRC" means the People's Republic of China and for purposes of this Agreement, excludes Hong Kong, Macao Special Administrative Region and Taiwan.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Selling Expenses" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Reward Shares, and fees and disbursements of counsel for the Subscriber.

"Subsidiary" means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.

SCHEDULE I

List of Entities Receiving the Reward Shares

Name of Subscriber	Class of Reward Shares	Aggregate Number of Reward Shares	Number of Reward Shares to be Issued on the First Closing	Number of Reward Shares to be Issued on the Second Closing	Number of Reward Shares to be Issued on the Third Closing	Aggregate Purchase Price
Great Alliance Co-living Limited	Class A Ordinary Shares	128,589,392	25,717,878	64,294,696	38,576,818	US$1,285.89

SCHEDULE II
NOTICES

Exhibit 4.14

SHARE SUBSCRIPTION AGREEMENT

This SHARE SUBSCRIPTION AGREEMENT (this "Agreement") is made and entered into on July 22, 2020 by and among:

1. Q&K International Group Limited, an exempted company incorporated under the laws of the Cayman Islands (the "Company"); and
2. Beautiful House Limited, a limited liability company duly incorporated and validly existing under the laws of the British Virgin Islands (the "Subscriber").

Each of the parties to this Agreement is referred to herein individually as a "Party" and collectively as the "Parties".

RECITALS

A. On July 22, 2020, Chengdu Liwu Apartment Management Limited (the "Assets Owner", 成都黎武公寓管理有限公司 in Chinese), an Affiliate of the Company, entered into an Asset Purchase Agreement (the "APA", 《资产转让协议》 in Chinese) and acquired a series of apartment-renal-related assets (the "Target Assets") including but not limited to 72,181 apartment rental units ("Target Units") from certain assets sellers ("Assets Seller"). Pursuant to the APA, all debts and liabilities arising out of Target Assets as of APA Closing Date ("Asset Closing Liabilities") are to be assumed by the Assets Owner.

B. On July 22, 2020, the Assets Owner, entered into an Operation Service Agreement (the "OSA", 《承包运营协议》 in Chinese) with Beijing Yihongyue Property Brokerage Limited (北京易鸿悦房地产经纪有限公司 in Chinese) (the "Operator", an Affiliate of the Subscriber). Pursuant to the OSA, the Operator agrees to provide contracted operating service for a term of eight (8) years ("Operation Term") for (i) the Target Units and (ii) any new rental units subsequently acquired by the Operator on behalf of the Asset Owner after the execution of OSA ("New Units", together with Target Units as "Operating Units").

C. Pursuant to the OSA, the Operator undertakes that the earnings before interest, taxes, depreciation, and amortization (after deduction of value-added tax) generated from New Units ("Post-VAT EBITDA") shall reach certain performance projection ("Post-VAT EBITDA Projection") as mutually agreed and confirmed by the Asset Owner and the Operator according to the OSA.

D. According to the OSA, as of the Assets Closing Date, some rental clients of Target Units have ceased their stay at Target Units while their rental loans, which become due and payable, have not yet been fully repaid ("Departed Client Rental Loans"). Pursuant to the OSA, subject to terms and conditions of the APA, if Departed Client Rental Loans is to be included in Asset Closing Liabilities as mutually confirmed by the Asset Owner and the Asset Sellers, then any principal of Departed Client Rental Loan due and payable in the first six (6) months of the Operation Term ("Rental Loan Principal") shall be advanced by the Operator on behalf of the Asset Owner (or its designated Affiliate(s)).

E. As a reward for the Subscriber's assistance in procuring the Operator's fulfillment of their Obligations under the OSA and all the Ancillary Documents thereto, the Company intends to issue to the Subscriber, and the Subscriber intends to subscribe for, a number of Class A Ordinary Shares of the Company (the "Issuance of Reward Shares").

NOW, **THEREFORE**, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereto hereby agree as follows:

1. Definitions.

1.1 Unless otherwise provided herein, any capitalized terms shall have the respective meanings ascribed to or as referenced for them in Exhibit A.

1.2 Unless a provision hereof expressly provides otherwise: (i) the term "or" is not exclusive; (ii) the terms "herein," "hereof," and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; (iii) the masculine, feminine, and neuter genders will each be deemed to include the others; (iv) the definitions of terms are equally applicable both to the singular and plural forms of such terms; (v) references to an agreement or other document are to it as amended, supplemented, restated and otherwise modified from time to time and to any successor document (whether or not already so stated); (vi) references to a Person are references to such Person's successors and permitted assigns (whether or not already so stated); (vii) references to dollars or to "US$" are to currency of the U.S.; (viii) references to "U.S." or "United States" are to the United States of America; and (ix) whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

2. Issuance of Reward Shares.

2.1 Number of the Reward Shares to be Issued. The Parties hereby acknowledge and agree that, subject to the terms and conditions hereof, the Company shall sell and issue to the Subscriber up to 99,631,824 Class A Ordinary Shares (the "Reward Shares") at a price of US$0.00001 per share (the "Purchase Price Per Share").

2.2 Payment of Purchase Price. Subject to the terms and conditions hereof and in consideration of the Issuance of Reward Shares as set forth above, the Subscriber hereby agrees to pay an aggregate purchase price which shall be calculated in accordance with the formula below (the "Aggregate Purchase Price"):

Aggregate Purchase Price = Purchase Price Per Share * Number of Reward Shares

2.3 Additional Shares. The Parties hereby acknowledge and agree that, subject to the terms and conditions hereof, in addition to the Reward Shares issuable pursuant to Section 2.1, the Company shall, as a guarantee of the repayment of the Rental Loan Principal, additionally sell and issue to the Subscriber 11,476,782 Class A Ordinary Shares (the "Additional Shares") at the Purchase Price Per Share.

2.4 Payment of Additional Price. Subject to the terms and conditions hereof and in consideration of the issuance of Additional Shares as set forth above, the Subscriber hereby agrees to pay an aggregate price which shall be calculated in accordance with the formula below (the "Aggregate Additional Price"): Aggregate Additional Price = Purchase Price Per Share * Number of Additional Shares

3. Closings.

3.1 Closings. The Parties hereby acknowledge and agree that, the consummation of the sale and issuance of the Reward Shares pursuant to Section 2.1 and the consummation of the sale and issuance of the Additional Shares pursuant to Section 2.3, shall take place, by multiple installments as set forth below, remotely via the exchange of documents and signatures as of the date hereof, among which:

(i) For the first fiscal year of the Operation Term (the "First Fiscal Year"), the Company shall sell and issue to the Subscriber forty percent (40%) of the total Reward Shares (i.e., 39,852,730 Class A Ordinary Shares) in four installments that divided and adjusted in accordance with Section 3.2 below, each installment of Reward Shares shall be sold and issued by the Company at the end of each quarter of the First Fiscal Year, no later than ten (10) Business Days the conditions as set forth in Section 4.1(i) are fulfilled or waived by the Company (the "First-year Closings");

(ii) For the second fiscal year of the Operation Term (the "Second Fiscal Year"), the Company shall sell and issue to the Subscriber sixty percent (60%) of the total Reward Shares (i.e., 59,779,094 Class A Ordinary Shares) in four installments that divided and adjusted in accordance with Section 3.2 below, each installment of the total Reward Shares shall be sold and issued at the end of each quarter of the Second Fiscal Year, no later than ten (10) Business Days after the conditions as set forth in Section 4.1(ii) are fulfilled or waived by the Company (the "Second-year Closings").

(iii) For the closing of Additional Shares, the Company shall sell and issue to the Subscriber the total Additional Shares no later than ten (10) Business Days after the conditions as set forth in Section 4.1(iii) are fulfilled or waived by the Company (the "Additional Shares Closing", together with First-year Closings and Second-year Closings, collectively as "Closings", as the context may require).

3.2 Allocation and Adjustment of the Reward Shares in Each Closing.

(a) The Company and the Subscriber mutually agree that, subject to the adjustments as set forth in subsection 3.2(b) below, the total Reward Shares for the First Fiscal Year and the Second Fiscal Year, respectively, shall be divided into four (4) equal installments, i.e., each ten percent (10%) of the total Reward Shares to be sold and issued at the end of each quarter of the First Fiscal Year and each fifteen percent (15%) of the total Reward Shares to be sold and issued at the end of each quarter of the Second Fiscal Year (each, an "Original Quarterly Quota").

(b) The Company and the Subscriber further agree that,

(i) if the Operator fails to reach the Projection for any quarter(s) of the Operation Term (each, an "Underperformed Quarter"), then the number of the Reward Shares to be issued for such Underperformed Quarter shall be reduced to a number equal to the product obtained by multiplying (i) the Original Quarterly Quota for such Underperformed Quarter by (ii) a fraction the numerator of which is the Post-VAT EBITDA that has been reached during such Underperformed Quarter and the denominator of which is the Post-VAT EBITDA Projection for such Underperformed Quarter;

(ii) if the Post-VAT EBITDA that has been reached during the period from the first day of the First Fiscal Year or the Second Fiscal Year (as applicable) to the last day of such Underperformed Quarter(s) (such period, the "Assessment Period") is no less than the cumulative Post-VAT EBITDA Projection for such Assessment Period, then the quarterly Post-VAT EBITDA Projection for each such Underperformed Quarter within the Assessment Period shall be deemed as reached, and in which case, the Subscriber shall be entitled to such number of Reward Shares that equal to the product obtained by (x) the aggregate Original Quarterly Quotas for the Assessment Period minus (y) the number of Reward Shares that has been issued to the Subscriber as of the end of such Assessment Period; and

(iii) at the end of each of the First Fiscal Year and the Second Fiscal Year, the Parties shall review the number of Reward Shares that has been issued to the Subscriber during such fiscal year ("Issued Number") and the number of Reward Shares to which the Subscriber is entitled for such fiscal year ("Entitled Number"). For purpose of this Section 3.2, the "Entitled Number" shall be equal to the product obtained by multiplying (x) the total number of Reward Shares for the First Fiscal Year (or the Second Fiscal Year, as applicable) by (y) a fraction, the numerator of which shall be the Post-VAT EBITDA that has been reached during the First Fiscal Year (or the Second Fiscal Year, as applicable) and the denominator of which shall be the Post-VAT EBITDA Projection for the First Fiscal Year (or the Second Fiscal Year, as applicable). If the difference between the Issued Number and the Entitled Number (the "Difference") is greater than zero, then the Company shall have the right to redeem from the Subscriber such number of Reward Shares that equal to the Difference at a per share price equal to the Purchase Price Per Share. If the Difference is less than zero, then the Company shall issue and sell an additional number of Reward Shares that equal to the Difference within ten (10) Business Days after the Initial Release Date (as defined below).

(c) Notwithstanding the foregoing, in the event that the Operator and/or its Affliate(s) under the OSA has paid the "Cash Difference (现金差额) " (as defined in the OSA) with respect to any quarterly Post-VAT EBITDA Projection for any Underperformed Quarter pursuant to the OSA, then the quarterly Post-VAT EBITDA Projection for such Underperformed Quarter shall be deemed as reached.

3.3 Deliveries by the Company at each Closing. At each Closing, the Company shall deliver (or cause to be delivered) to the Subscriber:

(i) a copy of the share certificate in the name of the Subscriber representing the proportion of Reward Shares or the Additional Shares issuable at such Closing, with the original duly executed share certificate delivered to the Subscriber within ten (10) Business Days after such Closing; and

(ii) a copy of the updated register of members of the Company, certified by the registered office provider of the Company, reflecting the issuance to the Subscriber of the proportion of Reward Shares or the Additional Shares issuable at such Closing.

4. Conditions of the Company's Obligations at the Closings.

4.1 The obligations of the Company to consummate the First-year Closing are subject to the fulfillment or waive by the Company in writing of each of the following conditions:

(a) The representations and warranties set forth in Section 5 shall be true and correct as of each First-year Closing;

(b) The Subscriber shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it at or before each First-year Closing;

(c) The OSA and all of its Ancillary Document shall have been duly executed and delivered by all parties thereto; and

(d) At least 50% of the Pre-tax Rental Income Projection and at least 50% of the Pre-tax Other Income Projection, in each case as specified in the quarterly Post-VAT EBITDA Projection for the respective quarter of the First Fiscal Year shall have been reached or deemed to be reached after the payment by the Operator or its Affliates(s) of the "Cash Difference (现金差额) " (as defined in the OSA) in accordance with the OSA.

4.2 The obligations of the Company to consummate the Second-year Closings are subject to the fulfillment or waive by the Company in writing of each of the following conditions:

(a) All conditions for First-year Closings as set forth in Section 4.1(i) are fulfilled or waived by the Company;

(b) The representations and warranties set forth in Section 5 shall be true and correct as of each Second-year Closing;

(c) The Subscriber shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it at or before each Second-year Closing; and

(d) At least 50% of the Pre-tax Rental Income Projection and at least 50% of the Pre-tax Other Income Projection, in each case as specified in the quarterly Post-VAT EBITDA Projection for the respective quarter of the Second Fiscal Year shall have been reached.

4.3 The obligations of the Company to consummate the Additional Shares Closing are subject to the fulfillment or waive by the Company in writing of each of the following conditions:

(a) The representations and warranties set forth in Section 5 shall be true and correct as of the Additional Shares Closing;

(b) The Subscriber shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it at or before Additional Shares Closing; and

(c) The Operator has agreed and undertakes to advance Rental Loan Principal on behalf of the Asset Owner in accordance with the OSA and the payment schedules as agreed by the Assets Sellers, the Asset Owner and relevant creditors.

5. Representations and Warranties of the Company. The Company hereby represents and warrants to the Subscriber that the following statements will be true and correct as of each Closing:

5.1 Incorporation, Good Standing and Qualification. The Company is duly incorporated, validly existing and in good standing under the Laws of the Cayman Islands and has all requisite power and authority to perform its obligations under this Agreement. The Company is not in, nor is it anticipated to enter into, liquidation, dissolution, bankruptcy, insolvency or winding-up.

5.2 Due Authorization. This Agreement has been duly executed and delivered by the Company and, when executed and delivered, constitutes valid and legally binding obligations of the Company, enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

5.3 Valid Issuance. The Reward Shares and the Additional Shares will be duly and validly issued, fully paid and non-assessable, free of any Liens.

5.4 No Violation. Neither the execution nor delivery of this Agreement nor the full performance by the Company of its obligations hereunder will violate any applicable Law to which the Company is subject or any Constitutional Documents of the Company.

6. Representations and Warranties of the Subscriber. The Subscriber hereby represents and warrants with respect to itself to the Company that:

6.1 Organization; Good Standing and Qualification. The Subscriber is duly organized, validly existing and in good standing under the Laws of the place of its incorporation or establishment (to the extent the concept of good standing is applicable in such place). The Subscriber is not in, nor is it anticipated to enter into, liquidation, dissolution, bankruptcy, insolvency or winding-up.

6.2 Due Authorization. The Subscriber has the requisite power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution, delivery and performance by the Subscriber of this Agreement have been duly authorized by all necessary corporate or other action on the part of the Subscriber. This Agreement constitutes valid and legally binding obligations of the Subscriber, enforceable against the Subscriber in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies

6.3 Consents and Approvals. No Approval is required to be obtained or made by or with respect to the Subscriber in connection with the execution, delivery or performance of this Agreement, or the consummation of the transactions contemplated hereby, by the Subscriber.

6.4 No Violation. Neither the execution nor delivery of this Agreement nor the full performance by the Subscriber of its obligations hereunder violates any applicable Law to which the Subscriber is subject or any Constitutional Document of the Subscriber.

6.5 US Securities Laws. (a) The Subscriber is purchasing the Reward Shares and/or the Additional Shares for investment for its own account, not as a nominee or agent, and not with a view to, or for sale in connection with, any distribution within the meaning of the Securities Act. The Subscriber exercises sole investment discretion with full power to make the acknowledgements, representations and agreements contained herein. The Subscriber (either alone or together with its advisors) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Reward Shares and/or the Additional Shares. The Subscriber has the ability to bear the economic risk of its investment in the Reward Shares and/or the Additional Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to its investment in the Reward Shares and/or the Additional Shares, and is able to sustain a substantial or complete loss of its investment in the Reward Shares and/or the Additional Shares.

6.6 Listed Shares. The Subscriber acknowledges that the Company's shares are listed on The NASDAQ Stock Market and the Company is therefore required to publish and make available publicly the Company SEC Documents which are necessary to enable the holders of the shares of the Company and the public to appraise the position of the Company and its Subsidiaries. The Subscriber understands that no disclosure or offering document has been prepared in connection with the sale of the Reward Shares and/or the Additional Shares. The Subscriber will not hold the Company, or any of their respective affiliates responsible for any misstatements in or omissions from any publicly available information concerning the Company including any Company SEC Documents.

6.7 Due Diligence. The Subscriber acknowledges and agrees that it has (a) conducted its own investigation with respect to the Reward Shares and/or the Additional Shares and the Company; (b) has had the opportunity to ask questions of and to receive answers from the Company and its Subsidiaries; (c) has had the opportunity to review all publicly available records and filings and all other documents concerning the Company and/or the Subsidiaries that it considers necessary or appropriate in connection with the purchase of the Reward Shares and/or the Additional Shares; (d) has received all information that it believes is necessary or appropriate in connection with its purchase of the Reward Shares and/or the Additional Shares; and (e) has consulted its own independent advisors or otherwise satisfied itself concerning, without limitation, the tax, legal, currency and other economic considerations related to the investment in the Reward Shares and/or the Additional Shares, and has only relied on the advice of, or has only consulted with, such independent advisers.

7. Covenants

7.1 Covenants by the Subscriber

(a) The Subscriber hereby understands, acknowledges and covenants that, as of the date of this Agreement and each Closing, no action has been taken to permit an offering of the Reward Shares and/or the Additional Shares in any jurisdiction and the Subscriber will not offer or sell any of the Reward Shares and/or the Additional Shares in any jurisdiction or in any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations; in particular, the Subscriber understands that the Reward Shares and/or the Additional Shares, when issued, are not being registered under the Securities Act, are being offered and sold in a transaction that does not involve any public offering in the United States within the meaning of the Securities Act and is exempt from the registration requirements of the Securities Act and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

(b) Lock-up Period.

The Subscriber agrees and covenants that, it shall not Dispose of the Reward Shares and the Additional Shares until the expiration of the lock-up period ("Lock-up Period") as set forth below:

(i) for 30% of Reward Shares issued in each fiscal year, the Lock-up Period shall expire on the day when Post-VAT EBITDA of such fiscal year is mutually confirmed and agreed by the Assets Owner and the Operator ("Initial Release Date");

(ii) for up to 60% of Reward Shares in each fiscal year, the Lock-up Period shall expire on first (1st) anniversary of the Initial Release Date;

(iii) for the remaining 40% of Reward Shares in each fiscal year, the Lock-up Period shall expire on second (2nd) anniversary of the Initial Release Date; and

(iv) for the Additional Shares, the Lock-up Period shall expire on the last day of the first six (6) months of the Operation Term.

(c) Put Right with respect to the Additional Shares. The Company and the Subscriber hereby mutually agree that, upon expiration of the Lock-up Period for the Additional Shares, the Subscriber shall have the right to request the Company to redeem any or all part of the Additional Shares ("Subscriber's Put Right"). Such redemption shall be made on the following terms and conditions:

(i) The redemption price per share at which the Additional Shares are to be redeemed by the Company shall be equal to the sum of (i) the Purchase Price Per Share, and (ii) the product obtained by dividing (x) the Rental Loan Principal by (y) the aggregate number of Addition Shares.

(ii) The Subscriber shall, if exercising the put right created hereby, deliver to the Company within twenty (20) Business Days after the last day of the Lock-up Period for the Additional Shares ("Exercising Period"), a notice describing the number of Additional Shares requested to be redeemed ("Redemption Notice").

(iii) The Company shall, promptly upon receipt of the Redemption Notice from the Subscriber, pay to the Subscriber the aggregate redemption price for the Additional Shares requested to be redeemed in cash or by other means acceptable to the Subscriber.

(iv) Upon receipt of full payment of the aggregate redemption price from the Company, the Subscriber shall surrender to the Company the certificate or certificates representing the Additional Shares so redeemed.

(v) For the avoidance of doubt, the Rental Loan Principal owed by the Assets Owner to the Operator shall be deemed as fully repaid at the earlier of: (i) the Subscriber elects not to exercise its Subscriber's Put Right in writing or fails to deliver the Redemption Notice within the Exercising Period, or (ii) the completion of the redemption under this subsection 7.1(c).

(vi) In the event that the Subscriber agrees to accept all or any part of the Additional Shares as repayment of the Rental Loan Principal and any other amount advanced by the Operator on behalf of the Assets Owner (collectively, the "Advanced Amount"), but the then fair market value of the Additional Shares is less than the Advanced Amount, then the Company shall issue and allot to the Subscriber an additional number of Class A Ordinary Shares ("Supplementary Shares") that shall be calculated in accordance with the formula below at nil price:

Number of Supplementary Shares = (OA – NP*OS)/NP, where

"OA" means the amount of Advanced Amount that has not been repaid by the Assets Owner immediately prior to the issuance of Supplementary Shares;

"NP" means the product obtained by dividing the lowest closing price of ADS of 30 days immediately prior to the issuance of Supplementary Shares by 30;

"OS" means the number of Additional Shares held by the Subscriber immediately prior to the issuance of Supplementary Shares.

7.2 Registration Rights. The Company covenants and agrees as follows:

(a) Right to Piggyback. At any time after the expiration of the Lock-up Period, if the Company proposes to register any of its common equity securities under the Securities Act (other than a registration statement on Form S-8 or a related or successor form relating solely to an employee benefit plan or a registration on Form S-4 or a related or successor form relating solely to a transaction under SEC Rule 145), whether for its own account or for the account of one or more stockholders of the Company, and the registration form to be used may be used for any registration of Released Registrable Shares (a "Piggyback Registration"), the Company shall give prompt written notice (in any event within 10 days after its receipt of notice of any exercise of other demand registration rights) to the Subscriber of its intention to effect such a registration and shall include in such registration all Released Registrable Shares with respect to which the Company has received written requests for inclusion therein within 15 days after the receipt of the Company's notice, provided that, the Selling Expenses and a proportion part of the registration and filing fees, printing expenses (if required), fees of counsel and independent public accountants incurred by the Company in complying with the Piggyback Registration provided hereunder shall be borne by the Subscriber. "Registrable Shares" means all the Class A Ordinary Shares beneficially owned by the Subscriber or any of its Affiliates from time to time (including, without limitation, any and all Class A Ordinary Shares issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, such Class A Ordinary Shares); provided, however, that Registrable Shares shall not include any securities that are or became tradeable without restriction as to volume pursuant to Securities Act Rule 144 or that are sold by a Person either pursuant to a Registration Statement or Rule 144.

(b) Form S-3 or Form F-3 Registration. The Company shall use its best efforts to qualify for registration on Form S-3 or Form F-3 or any comparable or successor form promptly and to maintain such qualification thereafter. If the Company is qualified to use Form S-3 or Form F-3, the Subscriber shall have a right to request in writing that the Company effect a registration on either Form S-3 or Form F-3 and any related qualification or compliance with respect to all or a part of the Released Registrable Shares owned by such Subscriber.

(c) The Subscriber may deliver a written request to the Company, stating the number of Released Registrable Shares requested to be registered, within thirty (30) days prior to the expiration of each Lock-up Period and at any time thereafter. Whenever required to effect the registration of any Released Registrable Shares under this Section 7.2, the Company shall, as expeditiously as possible, take all commercially reasonable efforts and actions to effect the registration of such Released Registrable Shares, including but without limitation, (i) prepare and file with the SEC a registration statement with respect to such Released Registrable Shares and use its best efforts to cause such registration statement to become effective upon expiration of the respective Lock-up Period, and keep any such registration statement effective until the Subscriber have completed the distribution described in the registration statement relating thereto; (ii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Released Registrable Shares covered by such registration statement; (iii) take such further actions to cause all such Released Registrable Shares covered by such registration statement to be listed listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed; and (iv) promptly notify the Subscriber of the progresses of such registration.

(d) Rule 144 Reporting. With a view to making available to the Subscriber the benefits of certain rules and regulations of the SEC which may permit the sale of the Released Registrable Shares to the public without registration, the Company agrees to:

(i) make and keep public information available, as those terms are understood and defined in Rule 144 or any similar or analogous rule promulgated under the Securities Act;

(ii) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Securities Act or the Exchange Act;

(iii) take such further action as the Subscriber may reasonably request, all to the extent required to enable such Subscriber to be eligible to sell Released Registrable Shares pursuant to Rule 144 (or any similar rule then in effect).

(e) Notwithstanding the foregoing, upon expiration of the applicable Lock-up Period, at the election and request of the Subscriber, the Company shall provide all necessary cooperation and assistance so as to convert the Released Registrable Reward Shares into ADS of the Company as expeditiously as possible.

(f) All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 7.2(b), including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company, shall be borne by and paid by the Company.

8. Confidentiality.

8.1 Each Party acknowledges and agrees that the following are confidential ("**Confidential Information**"): this Agreement, the transactions contemplated herein, information regarding this Agreement, information regarding the Company, the Subscriber and their respective Affiliates, and information, materials and documents obtained pursuant to this Agreement, with the exception that any of the foregoing which (i) is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement or other obligation of confidentiality, (ii) was available on a non-confidential basis prior to its disclosure pursuant to this Agreement or the transactions contemplated hereunder, or (iii) becomes available on a non-confidential basis from a Person who is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation.

8.2 No disclosure of the Confidential Information is permitted except (i) to employees and/or business, legal or financial advisors of the Company or the Subscriber as necessary to the performance of its obligations in connection herewith and with this Agreement so long as such Persons agree to maintain the confidentiality of the Confidential Information so disclosed, (ii) as the parties hereto may mutually agree in writing (including the language on any disclosure), (iii) to any Governmental Authority to the extent reasonably required for the purposes of the tax affairs of the party, (iv) to the extent advised by competent legal counsel that such disclosure is required by applicable Law (including but not limited to the rules or requirements of any stock exchange) or Governmental Authority, in which case the parties hereto shall, to the extent allowed under the circumstances, in good faith attempt to agree on the content of the disclosure, and (v) that the Company, and/or the Subscriber may be required to file with the SEC such schedules and forms as may be required under Section 13(d) of the 1934 Act or any other applicable Law, as applicable, which may need to contain as an exhibit thereto a copy of this Agreement. The covenants set forth in this Section 8 will survive any termination of this Agreement.

9. Termination of Agreement.

9.1 **Grounds for Termination**. This Agreement may be terminated at any time prior to the earlier of (i) the first installment of the First-year Closings, and (ii) the Additional Shares Closing:

(a) by mutual written agreement of the Company and the Subscriber;

(b) by written notice from any party hereto if there shall be any applicable Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited; or

(c) by a written notice from any party hereto that is not in material breach of this Agreement to the party hereto that is in material breach of its representations, warranties or obligations under this Agreement and such breach (if capable of remedy) is not remedied within twenty (20) Business Days after its receipt of a written notice from the other party requesting the remedy of such breach.

9.2 **Effect of Termination**. If this Agreement is terminated, this Agreement shall cease to have any further effect, except that provisions of Section 8, Section 9.2, Section 10.1 and Section 10.2 shall survive such termination.

10. Governing Law and Dispute Resolution.

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the law of the State of New York, without regard to the conflicts of law rules of such state.

10.2 Dispute Resolution. The Parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. If the negotiations do not resolve the dispute to the reasonable satisfaction of all Parties within thirty (30) days after the commencement of the negotiation, such dispute shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre ("HKIAC"). The arbitration shall be conducted in Hong Kong and shall be administered by the HKIAC in accordance with the HKIAC Administered Arbitration Rules in force at the time of the commencement of the arbitration. The dispute shall be referred to an arbitration tribunal consisting of three (3) arbitrators appointed in accordance with the HKIAC Administered Arbitration Rules. The decision of the tribunal shall be final and binding on the Parties, and the prevailing Party may apply to a court of competent jurisdiction for enforcement of such award. The costs and expenses of the arbitration, including the fees of the arbitral tribunal, shall be borne and paid by the Parties in such proportions as the arbitral tribunal shall determine. The language of the arbitration shall be English.

11. Miscellaneous

11.1 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the Parties. This Agreement and the rights and obligations therein may not be assigned by any Party without the written consent of the other Parties.

11.2 Entire Agreement. This Agreement, including any schedules and exhibits hereto, constitutes the entire understanding and agreement among the Parties with regard to the subjects of this Agreement.

11.3 Amendments. Any term of this Agreement may be amended only with the written consent of the Parties.

11.4 Notice. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight courier service, by facsimile or registered or certified mail (postage prepaid, return receipt requested) or by electronic mail to the respective Parties at the addresses specified on Schedule I hereto (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.4). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by facsimile or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day.

11.5 Delays or Omissions; Waivers. Upon any breach or default of any other Party under this Agreement, no delay or omission to exercise any right, power or remedy accruing to any Party shall impair any such right, power or remedy of such Party nor shall it or any waiver of any other breach or default theretofore or thereafter occurring be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring. Any waiver by any Party of any condition or breach or default under this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by Laws or otherwise afforded to any Party, shall be cumulative and not alternative.

11.6 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the Parties. In such event, the Parties shall use reasonable best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the Parties' intent in entering into this Agreement.

11.7 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless otherwise expressly provided herein, all references to sections, schedules and exhibits herein are to sections, schedules and exhibits of or to this Agreement.

11.8 Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement shall become effective when each Party shall have signed a counterpart.

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IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Agreement on the date first above written.

Q&K International Group Limited

By: /s/ Chengcai Qu
Name:
Title: Director
[Chop:Q&K International Group Limited]

IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Agreement on the date first above written.

Beautiful House Limited

By: 
Name: Han Guang (韩光)
Title: Authorized Signator

EXHIBIT A DEFINITIONS

"ADS" means American depositary shares, each representing thirty (30) Class A Ordinary Shares.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person; provided that neither the Company nor any Subsidiary shall be considered an Affiliate of the Subscriber.

"Ancillary Documents" means all corporate actions on the part of each Assets Seller necessary for the authorization, execution and delivery of the OSA, including the shareholders' and/or board resolution of such Assets Seller.

"Apartment Rental Agreements" means the apartment rental agreements of Target Units between the Assets Sellers and their tenants.

"Approval" means any approval, authorization, release, order, consent, license or permit required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person.

"APA Closing Date" has the meaning as ascribed to it in the APA, i.e. June 30, 2020.

"Asset Closing Liabilities" means all liabilities arising out of Target Assets as of APA Closing Date, including but not limited to pre-paid rent and unpaid due rent under Original Leases, pre-paid rent under Apartment Rental Agreements, rental deposit under Original Leases and Apartment Rental Agreements, rental loan of current rental clients, liquidated damages, late fee, etc.

"Articles" means the Third Amended and Restated Memorandum and Articles of Association of the Company, as adopted on September 30, 2019 and as in full force and effect immediately upon the closing of the Offering on November 7, 2019.

"Business Day" means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by Applicable Laws to be closed in the PRC, the United States, Hong Kong, the British Virgin Islands or the Cayman Islands.

"Constitutional Document" means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

"Class A Ordinary Shares" means the class a ordinary shares, par value US$0.00001 per share, of the Company, with the rights and privileges as set forth in the Articles.

"Control" of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors or equivalent governing body of such Person. The terms "Controlled" and "Controlling" have meanings correlative to the foregoing.

"Dispose of" with respect to the Reward Shares, means lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Reward Share which it acquired by virtue of the Reward Shares or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the equity securities of the Company, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of the Reward Shares or such other securities, in cash or otherwise.

"Governmental Authorities" means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory, foreign exchange or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction (with each of such Governmental Authorities being referred to as a "Governmental Authority").

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Law" means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure, in each case of any Governmental Authority.

"Lien" means:

(a) any mortgage, charge, lien, pledge or other encumbrance securing any obligation of any Person;

(b) any option, right to acquire, right of pre-emption, right of set-off or other arrangement under which money or claims to, or for the benefit of, any Person may be applied or set off so as to effect discharge of any sum owed or payable to any Person; or

(c) any equity, assignment, hypothecation, title retention, claim, restriction, power of sale or other type of preferential arrangement the effect of which is to give a creditor in respect of indebtedness a preferential position in relation to any asset of a Person on any insolvency proceeding of that Person.

"Original Leases" means the original leases of Target Units between the Assets Sellers and Target Units' original lessor.

"Person" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"PRC" means the People's Republic of China and for purposes of this Agreement, excludes Hong Kong, Macao Special Administrative Region and Taiwan.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Selling Expenses" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Reward Shares, and fees and disbursements of counsel for the Subscriber.

"Subsidiary" means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.

Exhibit 4.15

Chengdu Liwu Apartment Management Co., Ltd.

and

Beijing LianULife Technology Co., Ltd.,

Beijing LianULife Property Management Co., Ltd.

Beijing LianULife Zhixuan Property Management Co., Ltd.

Beijing Beautiful House Asset Management Co., Ltd.

Between

Asset Transfer Agreement

Contents

This Asset Transfer Agreement (hereinafter referred to as the "**Agreement**") is made and entered into by the following parties on July 22, 2020 in Shanghai, the People's Republic of China (hereinafter referred to as the "**PRC**", for the purpose of this Agreement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan Region):

Party A: Chengdu Liwu Apartment Management Co., Ltd., a limited liability company legally established and validly existing under the laws of the PRC with the unified social credit code of 91510100MA6A2T5H8J, whose registered address is at the East Section of Ningbo Road, Zhengxing Sub-district, Tianfu New Area, Chengdu, China (Sichuan) Pilot Free Trade Zone, and whose legal representative is Qu Chengcai (hereinafter referred to as the "**Transferee**");

Party B: Beijing LianULife Technology Co., Ltd., a limited liability company legally established and validly existing under the laws of the PRC with the unified social credit code of 91110228MA01HDM06C, whose registered address is at Room 501-2441 (Centralized Office Area of Economic Development Zone), Development Zone Office Building, No. 8 South Xingsheng Road, Economic Development Zone, Miyun District, Beijing, China, and whose legal representative is Han Guang (hereinafter referred to as "**Transferor I**");

Party B: Beijing LianULife Property Management Co., Ltd., a limited liability company legally established and validly existing under the laws of the PRC with the unified social credit code of 91110228MA01HY951Q, whose registered address is at Room 501-2503 (Centralized Office Area of Economic Development Zone), Development Zone Office Building, No. 8 South Xingsheng Road, Economic Development Zone, Miyun District, Beijing, China, and whose legal representative is Han Guang (hereinafter referred to as "**Transferor II**");

Party B: Beijing LianULife Zhixuan Property Management Co., Ltd., a limited liability company legally established and validly existing under the laws of the PRC, whose unified social credit code is 91110228MA01K8076P, whose registered address is at Room 501-2567 (Centralized Office Area of the Economic Development Zone), Development Zone Office Building, No. 8 South Xingsheng Road, Economic Development Zone, Miyun District, Beijing, China, and whose legal representative is Wang Bin (hereinafter referred to as "**Transferor III**"); and

Party B: Beijing Beautiful House Asset Management Co., Ltd., a limited liability company legally established and validly existing under the laws of the PRC with the unified social credit code of 911101133530090944, whose registered address is at Room 128, 1F, No. 12 West Shuangqiao Road, Chaoyang District, Beijing, China, and whose legal representative is Han Guang (hereinafter referred to as "**Transferor IV**");

The above-mentioned Transferors I to IV are hereinafter collectively referred to as the "**Transferors**".

In this Agreement, the above-mentioned parties are referred to collectively as the "**Parties**" and individually as a "**Party**". **Whereas**:

A. The Transferors and the Transferee are long-term rental apartment operators in China. The Transferors currently operate a total of 72,181 rental apartments as long-term rental apartments in Beijing and other areas (such apartments are hereinafter referred to as the "**Subject Apartments**", of which the area and ownership are set out in Annex I hereto "List of Target Assets").

B. The Transferors intend to transfer all the Target Assets relating to the Subject Apartments owned by them to the Transferee in a package, and the Transferee agrees to purchase such Target Assets and pay to the Transferors the corresponding asset transfer consideration (hereinafter referred to as the "**Transfer of the Target Assets**"); and

Now, Therefore, in accordance with the Contract Law of the People's Republic of China and other laws and regulations, the Parties have reached the following agreement through friendly consultation for abiding by in the future:

Article 1 Definitions

Unless otherwise agreed herein or the context otherwise requires, the following terms are defined in this Agreement as follows:

1.1 "**The Agreement**" means this Asset Transfer Agreement, including the main body and all Annexes and Appendices hereof.

1.2 "**Affiliated Assets**" mean all fixed assets and equipment owned by the Transferors and located in the Subject Apartments, of which the details are set forth in Annex I hereto "**List of Target Assets**".

1.3 "**Force Majeure**" means all events occurring after the date of this Agreement which are not foreseeable at the signature of this Agreement and of which the occurrence and consequences can not be avoided or overcome and which hinder, in whole or in part, any Party's performance hereof or impede the performance of this Agreement, including but not limited to fire, flood, earthquake, typhoon, tsunami, war, terrorist act or any other act of violence, accident, strike, epidemic and quarantine control.

1.4 "**Contracts to be Transferred**" mean all lease contracts signed by the Transferors in respect of the Subject Apartments, including: (1) the apartment lease contracts or apartment trusteeship contracts signed between the Transferors as the lessee and the right-holders of the Subject Apartments (including the owners and the lessors or the principals who may legally lease the Apartments to the public) (hereinafter referred to as the "**Apartment Contracts**"); and (2) the apartment lease contracts signed between the Transferors as the sublessor and the sublessees (hereinafter referred to as the "**Apartment Lease Contracts**").

1.5 "**Meiliwu *APP***" means all APP products developed by or available to be used by the Transferors, and the Transferors currently manage the operation of the Subject Apartments through such APP products.

1.6 "**Working Day**" means a calendar day other than a Saturday, Sunday, or holiday as defined by Chinese and U.S. laws.

1.7 "**Related Party**" means, in relation to a Party, any other person who directly or indirectly controls, is controlled by, or is under common control with, that Party. "**Control**" means having, directly or indirectly, the power to direct or cause (others) to direct the management and policies of a person, whether through owning voting securities, or by contract or otherwise, including (1) directly or indirectly owning 50% or more of the outstanding shares of or other equity interests in such person, (2) directly or indirectly owning 50% or more of the voting power of such person, or (3) having direct or indirect power to appoint a majority of the members of the board of directors or similar management organization of such person. "Controlling" and "controlled" shall have the meanings associated with the above explanation.

1.8 "**Delivery Action**" means each of the actions to be completed by the Transferors prior to or on the Asset Delivery Date as set forth in Article 3.3 hereof.

1.9 "**Target Assets**" include (1) the Contracts to be Transferred and the relevant data of the landlords, tenants and the Subject Apartments; (2) the Affiliated Assets; (3) the trademark rights of "Meiliwu" and "Jinxuan" (including all the trademark application rights under application by the Transferors), see Annex I for details; (4) the relevant computer software copyrights, see Annex I for details; and (5) the relevant domain name certificates, see Annex I for details.

1.10 "**Losses**" mean all losses, penalties, damages, liabilities, claims, litigations, costs and expenses incurred by the Party suffering damages (including attorneys' fees, expenses and other charges incurred in connection with any claim or assertion in any litigation between the Transferee and the Transferors, or between the Transferee and any third party).

1.11 **"Assets Delivery**" means the Transferors' completion of all Delivery Actions in respect to the transfer and handing over of the Target Assets and related materials in accordance with Article 3.2 of this Agreement.

1.12 "**Asset Delivery Date**" means the date on which the Assets Delivery is fully completed.

1.13 "**Transition Period**" means the period from the date of this Agreement to the Asset Delivery Date.

Article 2 Target Assets and Transfer Consideration

2.1 Subject to the terms and conditions agreed herein, the Transferors agree to transfer the Target Assets to the Transferee and the Transferee agrees to purchase the Target Assets from the Transferors. As of the date of this Agreement, the Transferors has provided the Transferee with all the information about the list of Subject Apartments in total.

2.2 Considering the operating conditions of the Transferors and the Target Assets, and that the Delivery Date Liabilities (as defined in Article 4.2) will be transferred to the Transferee with the Transfer of the Target Assets, the Parties acknowledge and agree that the total consideration for the Transfer of the Target Assets is set at RMB one (1) yuan. The method of payment for the consideration for the Transfer of the Target Assets may be negotiated separately by the Parties.

Article 3 Assets Delivery

3.1 The Transferors and the Transferee agree to initially set June 30, 2020 as the Asset Delivery Date. The Assets Delivery shall be carried out on the Asset Delivery Date at a location agreed upon by the Transferors and the Transferee.

3.2 On the Asset Delivery Date, the Transferors must complete or have completed the following actions (hereinafter collectively referred to as the "**Delivery Actions**"):

(1) For the Contracts to be Transferred: (1) in respect of the Apartment Contracts, the Transferors shall (i) have terminated the Apartment Contracts signed by them with the right-holders of the Apartments, with the right-holders of the Apartments whose Apartment Contracts have been terminated and the Transferee or its designees having entered into new Apartment Lease Contracts (with the Transferee or its designees as the new lessees) and/or Apartment Trusteeship Lease Contracts (the terms and conditions in such newly signed Apartment Trusteeship Lease Contracts shall be consistent with the contract template provided by the Transferee to the Transferors), and have completed the corresponding switch in the electronic management system of the Apartment Contracts (hereinafter referred to as "**Apartment Contracts Transfer**"); or (ii) have transferred all the Apartment Contracts to the control of the Transferee by ways agreed upon by the Transferors and the Transferee; and (2) the transfer of the Subject Apartments shall have been completed by the Transferors and the Transferee in accordance with normal and reasonable standards of commercial practices, and the Transferors shall have handed over all the keys, access cards, parking spaces, keys to affiliated facilities and equipment (if any) of the Subject Apartments to the Transferee or the Transferee's designees for management;

(2) For the Affiliated Assets, the Transferors shall have physically delivered such Assets to the Transferee and have delivered all the documents and information relating to such Assets to the Transferee at the same time;

(3) The Transferors shall have delivered the originals of all licenses, qualification documents, approvals, filing documents, etc. relating to the Target Assets (if any) to the Transferee, and have completed or assisted the Transferee to complete the procedures of changing the relevant license, qualification, approval, filing and other documents (if any) in accordance with the requirements of the relevant competent authorities; and

(4) The Transferors shall have delivered to the Transferee all other contracts, agreements, title documents, business records, databases, drawings, information about suppliers, customers, landlords and tenants, correspondence and all other information related to the Target Assets.

The Assets Delivery will be verified item by item according to the details of the Target Assets listed in Annex I. When the Transferors transfer and hand over the Target Assets to the Transferee, the Transferors and the Transferee shall sign a delivery list of which the form and contents are acceptable to the Transferee. The Assets Delivery will be deemed to be completed when all the Target Assets have been transferred and handed over to the Transferee and confirmed in writing by the Transferee.

3.3 From the Asset Delivery Date, the Transferee shall become the legal right-holder of the Target Assets and enjoy all rights, interests and fruits related to the Target Assets; the Transferors shall no longer enjoy any rights related to the Target Assets.

3.4 The Parties agree that the Transferors will complete the Apartment Contracts Transfer within six (6) months after the Asset Delivery Date. Notwithstanding the foregoing, in the event that the percentage of the Apartment Contracts Transfer completed by the Transferors reaches 80%, if the transfer of the remaining Apartment Contracts cannot be completed due to any third party's reasons, the Parties agree and acknowledge that the Transferors may legally and effectively transfer the rights and obligations under the remaining Apartment Contracts to the Transferee by way of negotiated whole transfer (hereinafter referred to as the "**Negotiated Transfer of Apartment Contracts**"), and the Transferee shall agree to accept the Negotiated Transfer of Apartment Contracts. For the avoidance of doubt, the Transferors shall be deemed to have completed all of the Apartment Contracts Transfer after the Transferors have completed the Negotiated Transfer of Apartment Contracts; and the Transferee shall enjoy the same rights and bear the same obligations with respect to the Subject Apartments transferred through the Negotiated Transfer of Apartment Contracts as those with respect to the Subject Apartments transferred through the Apartment Contracts Transfer.

Article 4 Transition Period

4.1 The Transferors make the following Transition Period commitments to the Transferee:

(1) The Transferors shall use their best efforts to ensure the normal operation of the Subject Apartments and the normal maintenance of the Target Assets;

(2) Without the prior written consent of the Transferee, the Transferors shall not dispose of or pledge, directly or indirectly, any of the Target Assets or set any right restriction over the Target Assets or their income right (except for the guarantees relating to rent loans over the Target Assets disclosed in Annex II)..

(3) The tax liabilities and tax risks related to the Target Assets before the Asset Delivery Date shall be borne by the Transferors; and

(4) Except as already disclosed by the Transferors to the Transferee, the Transferors shall use their best efforts to ensure that there is no dispute, controversy, indemnification obligation or other contingent liability of any kind over or in connection with the Target Assets as of the Asset Delivery Date.

For the purposes of this Agreement, "**Disposition**" means a voluntary or involuntary sale, assignment, mortgage, grant, pledge, exchange, delivery, transfer, encumbrance or other disposition of any kind or manner (including a disposition of a legal interests and actual benefit), and the entering into of an agreement, contract, arrangement or making commitment to do so.

4.2 The Transferee and the Transferors agree that, subject to the provisions of Article 4.3 hereof, all liabilities over the Target Assets incurred as of the Asset Delivery Date (including but not limited to the rent prepaid to the landlord, the rent payable to the landlord, the rent received from the tenant in advance, the security deposit paid to the landlord, the security deposit paid by the tenant, current tenant's rent loan balance, liquidated damages and overdue fine (if any)) (hereinafter referred to as the "**Delivery Date Liabilities**") shall be borne by the Transferee.

4.3 For the Target Assets, there are customers who have left the apartments but their rent loan balances have not yet been paid off (hereinafter referred to as the "**Left Customers' Rent Loan Balances**"), and it is estimated that the Left Customers' Rent Loan Balances with respect of the Target Assets as of the Asset Delivery Date are approximately RMB100 million. The Transferee and the Transferors agree that, with respect to such Left Customers' Rent Loan Balances, if the Transferors have reached written documents or written disposal plans on deferred payments as agreed by the Transferors and the Transferee with the corresponding financial institutions prior to the Asset Delivery Date, such Balances will be included in this transaction, which means that the Left Customers' Rent Loan Balances will be included in the Delivery Date Liabilities and be borne by the Transferee; if the Transferors fail to reach written documents or written disposal plans on deferred payments with the corresponding financial institutions prior to the Asset Delivery Date, the Left Customers' Rent Loan Balances will not be included in this transaction and will be borne by the Transferors, and the Transferee shall not be liable for such Balances. For the avoidance of doubt, if the Left Customers' Rent Loan Balances are not included in this transaction, the Delivery Date Liabilities shall not include the Left Customers' Rent Loan Balances, and the Left Customers' Rent Loan Balances shall be borne by the Transferors separately outside this transaction, and the Transferee shall not be liable for such Left Customers' Rent Loan Balances. The Left Customers' Rent Loan Balances as of the Asset Delivery Date to be included in this transaction in accordance with this Article 4.3 shall be the amount mutually confirmed in writing by the Transferors and the Transferee (see Annex III for details); if any additional Left Customers' Rent Loan Balance incurred prior to the Asset Delivery Date is added to the amount confirmed in writing by the Parties, such additional amount shall be borne by the Transferors themselves.

Article 5 Representations and Warranties of the Parties

5.1 Each Party represents and warrants to the other Parties as follows:

(1) Such Party is a legal person legally established and validly existing under the laws of the PRC and has full legal rights and capacity to sign and perform this Agreement and other transaction documents;

(2) Such Party has obtained all consents and approvals necessary to sign and deliver this Agreement and the other transaction documents necessary to effect the transactions contemplated by this Agreement (hereinafter referred to as the "**Other Transaction Documents**"), to perform its obligations under this Agreement and the Other Transaction Documents and to complete the Transfer of the Target Assets. Upon being signed, this Agreement and each of the Other Transaction Documents shall constitute legal, valid, binding and enforceable obligations of such Party and shall be enforceable against such Party in accordance with their respective terms;

(3) The signing and performance of this Agreement by such Party will not conflict with or be inconsistent with the following documents or matters:

(i) its articles of association or other similar organizational documents;

(ii) contracts and agreements to which it is a party; or

(iii) applicable laws and regulations in effect at the time;

(4) Such Party is not required to obtain the consent of any third party for signing this Agreement; and

(5) Such Party warrants that it will perform its obligations and commitments under this Agreement.

5.2 Each of the Transferors represents and warrants to the Transferee as follows:

(1) Each of the representations and warranties made by the Transferors in this Agreement (including Articles 5.1 and 5.2 hereof) is true, complete and accurate and not misleading as of the date of this Agreement and the Asset Delivery Date;

(2) To the knowledge of the Transferors, as of the Asset Delivery Date, (i) each of the Target Assets is owned solely and exclusively by the Transferors in its entirety and there is no mortgage, lien, pledge, third party right or any other encumbrance on each of the Target Assets, no license to use any of the Target Assets or their interests has been granted to any third party, and none of the Target Assets or their interests has been assigned to any third party; (ii) to the knowledge of the Transferors, each of the Target Assets owned, used or employed by the Transferors does not infringe any rights of any third party; and (iii) except as already disclosed in Annex II hereto "Disclosure Letter" (hereinafter referred to as the "**Disclosure Letter**"), each of the Target Assets is not subject to any litigation, arbitration, detention, seizure, or legal, administrative or other proceeding or governmental investigation which is pending or, to the knowledge of the Transferors, may be lodged against any of them, nor is there any obligation, debt, liability to any subject or any dispute, claim, assertion lodged by any subject against any of them;

(3) As of the date of this Agreement, the following information regarding the Subject Apartments that the Transferors have provided to the Transferee is true and complete in all material respects without any concealment, omission and reservation: (i) lease information, including lease contracts, lease terms, rents, security deposits, etc.; (ii) debt information, including debt amounts, creditors, time limits for performance, etc.; (iii) renovation information, including apartment renovation contracts, renovation status, renovation amounts, payment terms, etc.; (iv) rent loan information, including loan contracts, installment contracts, installment amounts, settlement status, etc.; and (v) other information and documentary materials already provided by the Transferors to the Transferee;

(4) With respect to each of the Subject Apartments, as of the Asset Delivery Date, (i) the lessor thereof is the owner of the Subject Apartment or a lessor legally authorized to lease the Subject Apartment; (ii) the Transferor has fully disclosed to the Transferee all the mortgages, guarantees and other encumbrances on the Subject Apartment learnt by it from the lessor and, except as aforesaid, the Transferor has not created any other encumbrances on the Subject Apartment; (iii) to the best of the Transferor's knowledge, the Apartment Contract corresponding to the Subject Apartment can continue to be legally and unimpededly performed;

(5) As of the Asset Delivery Date, each of the Affiliated Assets, classified according to its nature, is in a natural physical state or legal status acknowledged by the Parties at the time of the signing of this Agreement, in good working and service conditions and subject to regular and proper maintenance so that it meets good technical standards, free of any quality defects and safety hazards that would have a material adverse effect on its proper use;

(6) As of the Asset Delivery Date, there is no government notice, demand, repair order, demolition notice, land resumption notice, legal proceeding or third party claim that relates to the Subject Apartments and/or may create any material impediment to the performance of this Agreement;

(7) Except as already disclosed in the Disclosure Letter, as of the Asset Delivery Date, there is no pending administrative penalty, litigation, arbitration or other legal proceeding (including any investigation, interrogation, dispute over arrears or debts) relating to the Target Assets, and there is no dispute or potential dispute between any of the Transferors and any right-holder or sublessee of the Apartments;

(8) All the licenses, documents, representations and materials relating to the Target Assets owned, held or obtained from any governmental agency by the Transferors have been fully disclosed to the Transferee, and such licenses, documents, representations and materials and any statements relating thereto that have been provided by the Transferors are valid, true, accurate, complete and not misleading in all material respects.

Article 6 Commitments of the Transferors

6.1 Each of the Transferors makes the following commitments to the Transferee:

(1) After the signing of this Agreement, the Transferors shall fully open the access to the Meiliwu APP to the Transferee, so as to ensure that the Transferee can view and retrieve at any time the basic information of the Subject Apartments, the rents collected by the right-holders of the Apartments, the rents paid by the sublessees and other information necessary for the Transferee to complete the Transfer of the Target Assets.

(2) The Transferors ensure that the Affiliated Assets are properties owned or legally leased by them and being able to be used properly. If any of the Affiliated Assets fails and does not function properly within one (1) year after the Asset Delivery Date, the Transferee has the right to, at its sole discretion, either (i) require the Transferor to be responsible for the repair free of charge; or (ii) separately entrust a third party to carry out the repair, provided that all repair expenses incurred as a result thereof shall be borne by the Transferors.

(3) After the Asset Delivery Date, in any of the following circumstances:

(i) there is an unresolved dispute or controversy regarding the Subject Apartments between any of the Transferors and any right-holder or sublessee of the Apartments; or

(ii) any dispute between any of the Transferors and any other third party arising out of the Target Assets, including but not limited to any dispute arising between any of the Transferors and any supplier of the Target Assets, or any unresolved dispute or controversy arising from any commitment made by the Transferors to any third party (including but not limited to income sharing, payment of asset transfer consideration due, if any);

the Transferors shall bear the consequences of such dispute or controversy and indemnify the Transferee for any loss arising therefrom, and the Transferee shall be entitled to hold the Transferors liable for breach of contract in accordance with the provisions of Article 8 hereof.

(4) The Transferors will complete the Apartment Contracts Transfer specified in Article 3.4 hereof within six (6) months after the Asset Delivery Date.

Article 7 Confidentiality

7.1 Each Party shall use all reasonable efforts to keep confidential the following information (hereinafter referred to as the "**Confidential Information**") and to ensure that its Related Parties and their respective directors, officers, employees, agents, partners, banks, accountants, attorneys, financial advisors, and other relevant persons will keep confidential the following information:

(1) All information relating to the Transfer of the Target Assets, including but not limited to the terms of this Agreement and the existence hereof, and the progress of the Transfer of the Target Assets, etc.

(2) The information that has been identified by the Parties as being within the scope of Confidential Information and for which appropriate confidentiality measures have been taken.

(3) The information about the other Parties learnt by each Party as a result of its participation in the Transfer of the Target Assets.

7.2 No Party may disclose, reveal, send or permit the use of such Confidential Information to any third party without the prior written consent of the other Parties.

7.3 The Confidential Information shall not include any information which:

(1) is or becomes publicly known otherwise than through any Party's breach of its confidentiality obligations;

(2) is independently developed or lawfully obtained by any Party without breaching its confidentiality obligations.

7.4 Any Party shall not be deemed to have disclosed or divulged any Confidential Information if:

(1) such Confidential Information was publicly known prior to its disclosure (except to the extent that it was disclosed in a manner breaching this Article);

(2) the disclosure of such Confidential Information is carried out with the prior written consent of the other Parties hereto;

(3) such Confidential Information is disclosed by such Party to its professional advisors, who are required to assume confidentiality obligations, for the purpose of the Transfer of the Target Assets;

(4) Any Party and its Related Parties have the right to disclose the Confidential Information in accordance with applicable laws or a binding written judgment, order or requirement of a court of competent jurisdiction, governmental authority, official agency, regulatory authority or any other competent authority; for the avoidance of doubt, such judgment, order or requirement must be issued in a formal written document by a competent authority, failing which such Party shall not disclose or divulge any Confidential Information; such Party shall give at least three (3) days' prior written notice to the other Parties and consult with the other Parties in order to use its best efforts to avoid or minimize the loss of the other Parties.

Article 8 Effective Date, Modification and Termination of this Agreement

8.1 This Agreement shall become effective on the date on which it is duly signed by the Parties or their authorized representatives.

8.2 No change or addition to this Agreement shall be valid unless made in writing and signed by the Parties.

8.3 This Agreement may be terminated in the following manners:

(1) The Parties hereto mutually agree in writing to terminate this Agreement and the termination date shall be the termination date agreed in writing by the Parties;

(2) The Transferee has the right to terminate this Agreement at any time by giving written notice to the other Parties without bearing any liability for breach (with the termination date being the effective date of the termination as specified by the Transferee in the written notice) in any of the following circumstances: (i) any of the representations or warranties of the Transferors is materially untrue or materially omitted; or (ii) the Assets Delivery is not completed within six (6) months from the date of this Agreement for reasons attributable to the Transferors; or

(3) If the Transferee fails to pay the consideration for the Transfer of the Target Assets in a timely manner as otherwise agreed by the Parties for reasons attributable to the Transferee, any of the Transferors has the right to terminate this Agreement at any time by giving written notice to the other Parties without bearing any liability for breach (with the termination date being the effective date of the termination as specified by the Transferor in the written notice).

8.4 Upon the termination of this Agreement in accordance with Article 8.3 above, unless otherwise agreed by the Parties at that time, each Party hereto shall return the consideration received from the other Parties under this Agreement in a fair, reasonable and good faith manner and restore the Target Assets as nearly as possible to their states before the signing of this Agreement. Upon the termination of this Agreement, all rights and obligations of the Parties hereto under this Agreement shall be terminated, without prejudice to the rights of the non-breaching Parties to claim damages against the breaching Party.

Article 9 Liability for Breach

9.1 The representations and warranties made by Transferors as set forth in Article 5.2 hereof shall remain in force for a period of two (2) years after the completion of the Apartment Contracts Transfer.

9.2 The Parties acknowledge and agree that, unless otherwise agreed in this Agreement, if any Party breaches this Agreement, the breaching Party shall compensate the non-breaching Party for all losses caused to the breaching party as a result thereof.

9.3 Notwithstanding the foregoing, in any of the following circumstances:

(1) Any representation made by the Transferors in this Agreement (except as already disclosed in the Disclosure Letter) is false, untrue, inaccurate, incomplete or misleading (including, but not limited to, any information regarding the Target Assets provided by them is false, untrue, inaccurate, incomplete, etc.), which materially and adversely affects the Transfer of the Target Assets, and fails to be corrected within fifteen (15) working days after the Transferee’s written notice; or

(2) the Transferors unilaterally terminate this Agreement for reasons not attributable to the Transferee or the Transferee’s group,

the Transferors shall pay the Transferee the liquidated damages of USD2,000,000 (or its equivalent in RMB) in a lump sum in cash within ten (10) working days from the date of termination of this Agreement.

Article 10 Governing Law and Dispute Resolution

10.1 The conclusion, validity, interpretation, performance and dispute resolution of this Agreement shall be governed by and construed in accordance with the laws of the PRC.

10.2 All disputes arising out of or in connection with the performance of this Agreement shall be resolved by the Parties through friendly negotiations. If any dispute cannot be resolved by negotiation within fifteen (15) days after the dispute arises, the Parties shall submit the dispute to the Shanghai International Economic and Trade Arbitration Commission ("**SIETAC**") for arbitration in Shanghai in accordance with the arbitration rules of the SIETAC then in effect. The arbitration tribunal shall be comprised of three (3) arbitrators appointed by the SIETAC in accordance with its arbitration rules, of which one (1) arbitrator shall be selected by the claimant, one (1) arbitrator shall be selected by the respondent and the third arbitrator shall be selected by the first two arbitrators through consultation. The language of the arbitration shall be Chinese. The arbitral award shall be final and binding upon all the Parties.

Article 11 Miscellaneous

11.1 For anything not covered in this Agreement, the Parties may enter into separate supplemental agreements, which shall become effective upon being duly signed by the authorized representatives of the Parties.

11.2 The Annexes to this Agreement include (1) the List of Target Assets; (2) the Disclosure Letter; and (3) the Further Representations and Warranties Made by the Transferors. The Annexes to this Agreement shall form an integral part of this Agreement and shall have the same legal effect as the main body of this Agreement.

11.3 This Agreement represents the entire agreement between the Parties with respect to this transaction and supersedes and terminates any other prior written and oral agreements between the Parties with respect to this transaction, including but not limited to any agreement of intent. All the Annexes and Appendices to this Agreement shall form an integral part of this Agreement and shall have the same force and effect as this Agreement.

11.4 The failure of any Party to exercise or delay in exercising any right, power or remedy hereunder shall not be deemed a waiver, nor shall any single exercise or partial exercise of any right, power or remedy preclude that Party from further exercising such right, power or remedy or exercising any other right, power or remedy.

11.5 This Agreement is made in five (5) originals, one (1) for each Party, with the same legal effect.

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Transferee:

Chengdu Liwu Apartment Management Co., Ltd. (Official Seal)
Chengdu Liwu Apartment Management Co., Ltd. (Seal)

/s/ Qu Chengcai
Legal Representative: Qu Chengcai

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Transferor I:
Beijing LianULife Technology Co., Ltd. (Official Seal)
Beijing LianULife Technology Co., Ltd. (Seal)

/s/ Han Guang
Legal Representative: Han Guang

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Transferor II:
Beijing LianULife Property Management Co., Ltd. (Official Seal)
Beijing LianULife Property Management Co., Ltd. (Seal)

/s/ Han Guang
Legal Representative: Han Guang

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Transferor III:
Beijing LianULife Zhixuan Property Management Co., Ltd. (Official Seal)
Beijing LianULife Zhixuan Property Management Co., Ltd. (Seal)

/s/ Wang Bin
Legal Representative: Wang Bin

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Transferor IV:
Beijing Beautiful House Asset Management Co., Ltd. (Official Seal)
Beijing Beautiful House Asset Management Co., Ltd. (Seal)

/s/ Han Guang
Legal Representative: Han Guang

Annex I List of Target Assets

1. Copyrights

	Software Name/Work Name	Holder	Registration No.	Registration Date
1.	Meiliwu Mei Plus Platform (IOS Version)	Transferor IV	2017SR605967	November 6, 2017
2.	Meiliwu Mei Plus Platform (Android Version)	Transferor IV	2017SR602993	November 3, 2017
3.	Xiaomei	Transferor IV	GuoZuoDengZi-2016-F-00308966	November 1, 2016

2. **Trademarks**

#	Trademark	Holder	Category	Registration No./Application No.	Application Date
1.		Transferor IV	42	16851956	April 30, 2015
2.		Transferor IV	42	16155256	January 14, 2015
3.		Transferor IV	42	16155162	January 14, 2015
4.		Transferor III	36	24476292	June 5, 2017

3. **Domain Name Certificates**

#	Domain Name	Holder	Validity
1.	mlwplus.com	Transferor IV	From August 12, 2016 to August 12, 2021
2.	meiliwu.com	Transferor IV	From June 16, 2007 to June 16, 2024
3.	lianuhome.com	Transferor I	From June 14, 2019 to June 14, 2022
4.	lianulife.com	Transferor I	From June 14, 2019 to June 14, 2022
5.	lianutech.com	Transferor I	From June 14, 2019 to June 14, 2022
6.	jinxuangongyu.com	Transferor III	From January 13, 2018 to January 13, 2021
7.	jinxuangongyu.cn	Transferor III	From September 10, 2019 to September 10, 2020

A list of the remaining Target Assets is separately attached.

Annex II Disclosure Letter

July 22, 2020

This Disclosure Letter and the information disclosed herein constitute the Disclosure Letter referred to in Article 5 of the Asset Transfer Agreement dated July 22, 2020 (hereinafter referred to as the "**Asset Transfer Agreement**") among Chengdu Liwu Apartment Management Co., Ltd., Beijing LianULife Technology Co., Ltd., Beijing LianULife Property Management Co., Ltd., Beijing LianULife Zhixuan Property Management Co., Ltd. and Beijing Beautiful House Asset Management Co., Ltd.

This Disclosure Letter shall form a part of the Asset Transfer Agreement. The Article Numbers in this Disclosure Letter correspond to those of the Asset Transfer Agreement, and the disclosures under any Article Number shall be deemed to be disclosures made in response to a specific representation or warranty in Article 5 of the Asset Transfer Agreement, notwithstanding that such disclosures may remain applicable under other representations and warranties and are therefore subject to other disclosures. Any term used but not otherwise defined in this Disclosure Letter shall have the same meaning as that defined in the Asset Transfer Agreement.

The disclosure in this Disclosure Letter of any possible breach or violation of any agreement, law or regulation shall not be construed as an acknowledgement or representation that such breach or violation exists or actually occurred, and none of the matters in this Disclosure Letter shall constitute an acknowledgement of any liability or obligation on the part of the Transferors to any third party, or an acknowledgement unfavorable to the Transferors.

This Disclosure Letter and the information disclosed herein are subject to the terms of the Asset Transfer Agreement, including the confidentiality provisions.

5.2 (2)

As of the date of this Disclosure Letter, some of the software copyrights and registered trademarks held by Beijing Beautiful House Asset Management Co., Ltd. were pledged to Wuhu Yinghua No. Nine Investment Center (Limited Partnership), as follows:

1. Trademark Pledged

No.	Trademark	Registration No.	Registration Date
1.		16851956	July 14, 2016
2.		16155162	March 21, 2016
3.		16155256	March 21, 2016

2. Software Copyright Pledged

No.	Software Name	Registration No.	Registration Date
1.	Meiliwu Mei Plus Platform (IOS Version)	2017SR605967	November 6, 2017
2.	Meiliwu Mei Plus Platform (Android Version)	2017SR602993	November 3, 2017

As of the date of this Disclosure Letter, some of the rent loans on the Target Assets involve guarantees, and the total amount of such rent loans is RMB138,911,398.14.

5.2 (7)

As of the date of this Disclosure Letter, the Transferors have the following disputes or potential disputes with the right-holders or sublessees of the Apartments:

1. Cases at Bar

No.	Plaintiff	Defendant	Cause of Action	Case Status
1.	Lu Xinxin	Beijing Beautiful House Asset Management Co., Ltd.; Beijing Yihongyue Real Estate Brokerage Co., Ltd.	The plaintiff and the defendant signed an apartment lease contract. As the apartment leased is partitioned room, the plaintiff can not live in it. The plaintiff's claims: to request the court to order the defendant to return all the rent and the security deposit to the plaintiff, and to compensate the plaintiff for the loss arising from looking for an alternative apartment during the epidemic period.	In the course of the first instance
2.	Wu Sheng	Tianjin Beautiful House Asset Management Co., Ltd.; Tianjin Hongsheng Property Management Co., Ltd.; Beijing LianULife Property Management Co., Ltd.	Tianjin Hongsheng and the plaintiff signed an apartment rental trusteeship contract, which was terminated on August 4, 2019. Beijing LianULife and the plaintiff signed an asset management service contract, and the plaintiff signed a rental trusteeship contract with Tianjin Beautiful House. The plaintiff deems that the defendant Tianjin Beautiful House has unilaterally breached the contract. The plaintiff's claims: to request the court to order the defendant to pay the liquidated damages in accordance with the contract and the rent for the previous rent-free period of three months.	In the course of the first instance
3.	Wu Di	Beijing Beautiful House Asset Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant refused to fulfill the obligation of paying rent. The plaintiff's claims: to request the court to order 1. the defendant to pay the liquidated damages to the plaintiff and terminate the contract; 2. the defendant to pay the rent for the period from February 1, 2020 to the date of the actual return of the apartment; 3. the defendant to restore the apartment to its original condition, or pay an amount of RMB20,000 for the plaintiff's restoration work; 4. the defendant to compensate therefor at the original price in case of any damage to the facilities in the apartment.	In the course of the first instance
4.	Zhou Sheng	Nanchang Beautiful House Apartment Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the rent of RMB8,250 on time. The plaintiff's claims: to request the court to order the defendant to immediately pay the rent of RMB7,000 and compensate an amount of RMB300 for damage to the items in the room; 2. the defendant to pay the liquidated damages of RMB28,050.	In the course of the first instance

5. Sun Tianxiong	Beijing Beautiful House Asset Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the utility bills on time, and failed to repair and replace the equipment as agreed. The plaintiff's claims: to request the court to order 1. the defendant to compensate an amount of RMB7,350 for the intentionally artificial damages to the apartment; 2. the defendant to pay the utility bills of RMB362.22.	In the course of the first instance
6. Zhang Liang	Beijing Beautiful House Asset Management Co., Ltd.; Beijing LianULife Property Management Co., Ltd.	The plaintiff signed an asset management service contract with the defendant, and the defendant required a rent-free period which was rejected by the plaintiff, and the defendant refused to pay the housing income. The plaintiff's claims: to request the court to order 1. the defendant to pay the remaining income of RMB19,800; 2. the defendant to pay the liquidated damages of RMB13,200; 3. the defendant to pay the expenses for the vacancy period of RMB6,600; 4. the defendant to pay the unpaid utilities bills.	In the course of the first instance
7. Xu Jialiang	Beijing Beautiful House Asset Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the rent on time. The plaintiff's claims: to request the court 1. to confirm that the contract has been terminated and to order the defendant to vacate the disputed apartment within 5 days after the judgment came into effect; 2. to order the defendant to pay the unpaid rent of RMB8,700; 3. to order the defendant to pay the liquidated damages of RMB33,575.	In the course of the first instance
8. Xu Fangcheng	Beijing Beautiful House Asset Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the rent on time. The plaintiff's claims: to request the court 1. to confirm that the contract has been terminated and to order the defendant to vacate the disputed apartment within 5 days after the judgment came into effect; 2. to order the defendant to pay the unpaid rent of RMB8,700; 3. to order the defendant to pay the liquidated damages of RMB33,575.	In the course of the first instance
9. Li Hao	Beijing Beautiful House Asset Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the rent on time. The plaintiff's claims: to request the court 1. to terminate apartment rental trusteeship contract; 2. to order the defendant to pay the unpaid rent of RMB3,250; 3. to order the defendant to pay the actual occupancy fee of the apartment; 4. to order the defendant to pay the liquidated damages of RMB19,337.5; 5. to order the defendant to pay the rent for the rent-free period of RMB7,475; 6. to order the defendant to pay the utilities bills of the apartment.	In the course of the first instance

10.	Yang Xingquan	Beijing Beautiful House Asset Management Co., Ltd.; Beijing Yihongyue Real Estate Brokerage Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the rent on time. The plaintiff's claims: to request the court 1. to confirm that the trusteeship contract between the plaintiff and the defendant has been terminated; 2. to order the defendant to pay the liquidated damages of RMB13,300; 3. to order the defendant to vacate the apartment and pay the utilities bills and other expenses; 4. to order the defendant to pay the occupancy fee of the unreturned apartment of RMB6,650.	In the course of the first instance
11.	Wang Xiaodong	Beijing Beautiful House Asset Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the rent on time. The plaintiff's claims: to request the court to order 1. the defendant to pay the rent of RMB31,800; 2. the defendant to pay the liquidated damages of RMB63,070 to the plaintiff.	In the course of the first instance
12.	Wang Chao	Beijing Beautiful House Asset Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the rent on time. The plaintiff's claims: to request the court to order 1. the defendant to pay the liquidated damages to the plaintiff and terminate the contract; 2. the defendant to pay the rent for the period from February 1, 2020 to the date of actual return of the apartment; 3. the defendant to demolish the additional rooms and repair the damages to the floor, wall and ceiling or pay an amount of RMB22,257 for the plaintiff's restoration work; 4. the defendant to compensate the plaintiff an amount of RMB1,500 for the damages to the closet.	In the course of the first instance
13.	Beijing Beautiful House Asset Management Co., Ltd.; Beijing Yihongyue Real Estate Brokerage Co., Ltd.	Shi Qiuxiang	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the apartment was ordered by the court to be returned due to the plaintiff's reasons. The plaintiff's claims: to request the court 1. to terminate the apartment rental trusteeship contract between the plaintiff and the defendant; 2. to order the defendant to return the plaintiff the apartment rent of RMB13,167.12; 3. to order the defendant to pay the liquidated damages of RMB9,000; 4. to order the defendant to pay the loss of apartment decoration and accessories of RMB3,636.24; 5. to order the defendant to pay the plaintiff the liquidated damages of RMB11,740 for the breach of the contract with the tenant as the apartment can not continue to be used.	In the course of the first instance

14.	Xiao Wanlin	Beijing Beautiful House Asset Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the rent on time. The plaintiff's claims: to request the court to order the defendant to pay the plaintiff the liquidated damages of RMB20,757 and the rent for the quarter of RMB6,300 which shall be paid to the plaintiff on February 27, 2020.	In the course of the first instance
15.	Beijing Beautiful House Asset Management Co., Ltd.; Beijing Yihongyue Real Estate Brokerage Co., Ltd.	Mai Guicong	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant's seizure of the apartment made it impossible to continue to perform the contract. The plaintiff's claims: to request the court 1. to terminate the apartment rental trusteeship contract between the plaintiff and the defendant; 2. to order the defendant to return the plaintiff the apartment rent of RMB7,627; 3. to order the defendant to pay the liquidated damages of RMB8000.	In the course of the first instance
16.	Long Yu	Nanchang Beautiful House Apartment Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the rent on time. The plaintiff's claims: to request the court 1. to order the defendant to pay the rent and the interest; 2. to terminate the apartment rental trusteeship contract; 3. to order the defendant to pay the occupancy fee of the apartment; 4. to order the defendant to pay the liquidated damages; 5. to order the defendant to move out of the apartment and return the key within 5 days from the date of judgment; 6. to order the defendant to pay the utilities bills for the occupancy period.	In the course of the first instance
17.	Gong Lifen	Beijing Beautiful House Asset Management Co., Ltd.	The plaintiff and the defendant signed an apartment rental trusteeship contract, and the defendant failed to pay the rent on time. The plaintiff's claims: to request the court 1. to terminate the apartment rental trusteeship contract between the plaintiff and the defendant; 2. to order the defendant to pay the liquidated damages; 3. to order the defendant to pay the rent for the period from March 2020 to the effective date of the judgment in this case.	In the course of the first instance
18.	Sun Qingqing	Beijing LianULife Property Management Co., Ltd.; Beijing LianULife Property Management Co., Ltd. Jinan Branch	The plaintiff and the defendant signed an apartment lease contract, and the defendant required to terminate the contract and threatened the plaintiff to move out. The plaintiff's claims: to request the court to order 1. the defendant to be liable for breach of contract and pay the liquidated damages of RMB2,760; 2. the defendant to compensate for the economic loss brought to the plaintiff by malicious termination of the contract.	In the course of the retrial of the first instance

19.	Lin Jun	Beijing LianULife Property Management Co., Ltd.; Beijing LianULife Property Management Co., Ltd. Nanjing Branch	The plaintiff and the defendant signed an asset management service contract, and the defendant failed to pay the rent on time. The plaintiff's claims: to request the court 1. to terminate the asset management service contract signed between the two parties; 2. to order the defendant to pay the rent and interest to the plaintiff; 3. to order the defendant to pay the occupancy fee of the apartment until the date of actually vacating and returning the apartment; 4. to order the defendant to pay the liquidated damages; 5. to order the defendant to restore the apartment to its original state.	Objection to jurisdiction
20.	Bai Shanshan	Beijing LianULife Property Management Co., Ltd.; Beijing LianULife Property Management Co., Ltd. Ningbo Branch; Ningbo Nuanzu Apartment Management Co., Ltd.	The legal representative of Ningbo Nuanzu and LianULife Ningbo Branch Chen Xing signed a contract with the plaintiff in the name of Ningbo Nuanzu, and then withdrew such contract and signed a contract with the plaintiff in the name of LianULife, and now the two defendants refuse to pay the rent. The plaintiff's claims: to request the court 1. to terminate the asset management service contract signed between the plaintiff and Beijing LianULife; 2. to order Beijing LianULife to pay the rent for the rent-free period of RMB14,000 to the plaintiff; 3. to order the defendant Beijing LianULIfe to pay the unpaid rent of RMB7,000 to the plaintiff; 4. to order the defendant Beijing LianULIfe to pay the liquidated damages of RMB7,000 to the plaintiff; 5. to order the defendant LianU Life Ningbo Branch and Ningbo Nuanzu to be jointly and severally liable for the above 2-4 requests.	Objection to jurisdiction
21.	Beijing LianULife Property Management Co., Ltd.	Yuan Liying	The plaintiff and the defendant signed an asset management service contract, and the defendant changed the lock of the apartment without negotiation with the plaintiff and under the circumstance that the contract has not been terminated, resulting in that the asset user of the apartment No.106 can not normally enter or use the apartment. The parties failed to settle the dispute through negotiation, and the defendant refused to deliver the keys to the new lock to the plaintiff. The plaintiff's claims: to request the court 1. to terminate the asset management service contract signed between the plaintiff and the defendant; 2. to order the defendant to return to the plaintiff the remaining expected asset income of RMB9,277.74 which has been paid by the plaintiff; 3. to order the defendant to pay the plaintiff the liquidated damages of RMB6,800; 4. to order the defendant to compensate the plaintiff for the losses of renovation, and items and furniture added in the apartment; 5. to order the defendant to pay the plaintiff the asset user liquidated damages of RMB2,440; 6. to order the defendant to pay the plaintiff the loss of broadband fee of RMB1,150.	The court of first instance dismissed all the claims of LianULife; LianULife filed an appeal

2. Completed Cases

No.	Plaintiff	Defendant	Judgment Document No.
1.	Beijing Beautiful House Asset Management Co., Ltd. etc.	Liang Yong	(2020) Xiang 0102 Min Chu No.1571
2.	ZhaoDeqiang	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2019) Jing 0109 Min Chu No.327
3.	ZhaoDeqiang	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2020) Jing 01 Min Zhong No.2212
4.	Fan Qiaonan	Beijing Beautiful House Asset Management Co., Ltd.	(2019) Zhe 02 Min Zhong No.4746
5.	Beijing Beautiful House Asset Management Co., Ltd. etc.	Wang Chunyan	(2019) Jing 0114 Min Chu No.20524
6.	Wang Tifa	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2019) Jing 0114 Min Chu No.20179
7.	Wang Tifa	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2020) Jing 01 Min Zhong No.2471
8.	Cao Biying	Beijing Beautiful House Asset Management Co., Ltd.	(2020) Chuan 0191 Min Chu No.1887
9.	Ma Qun	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2019) Jing 0115 Min Chu No.10847
10.	Beijing Beautiful House Asset Management Co., Ltd. etc.	Wang Yingjun	(2019) Jing 0114 Min Chu No.17247
11.	Beijing Beautiful House Asset Management Co., Ltd.	Xu Jialiang	(2019) Lu 0191 Min Chu No.3962
12.	Beijing Beautiful House Asset Management Co., Ltd.	Tan Shunfen	(2019) Yu 0105 Min Chu No.14718
13.	Beijing Beautiful House Asset Management Co., Ltd.	Liu Xianyin	(2019) Wan 0104 Min Chu No.7656
14.	Beijing Beautiful House Asset Management Co., Ltd. etc.	Liang Jijun	(2019) Jing 0115 Min Chu No.17250
15.	Beijing Beautiful House Asset Management Co., Ltd.	Sun Tianxiong	(2019) Yun 0103 Min Chu No.9683

16.	Xie Yingqian	Beijing Beautiful House Asset Management Co., Ltd.	(2019) Jing 0111 Min Chu No.203
17.	Zhao Gongbin	Beijing Beautiful House Asset Management Co., Ltd.	(2019) Jing 0115 Min Chu No.968
18.	Lin Peng	Beijing Beautiful House Asset Management Co., Ltd.	(2019) Jing 0115 Min Chu No.996
19.	Zhao Wei	Beijing Beautiful House Asset Management Co., Ltd.	(2019) Jing 0115 Min Chu No.128
20.	Liu Hailong	Beijing Beautiful House Asset Management Co., Ltd.	(2019) Jing 0115 Min Chu No.882
21.	Beijing Beautiful House Asset Management Co., Ltd. etc.	Lei Xiaoyan	(2019) Jing 0115 Min Chu No.109
22.	Beijing Beautiful House Asset Management Co., Ltd.	Zhang Zhanjun	(2019) Lu 0202 Min Chu No.500
23.	Beijing Beautiful House Asset Management Co., Ltd.	Sun Tianxiong	(2019) Yun 0103 Min Chu No.532
24.	Beijing Beautiful House Asset Management Co., Ltd. etc.	Lei Xiaoyan	(2019) Jing 0115 Min Chu No.627
25.	Beijing Beautiful House Asset Management Co., Ltd.	Chen Tong, Peng Changhui	(2018) Yu 0112 Min Chu No.1319
26.	Chen X	Beijing Beautiful House Asset Management Co., Ltd.	(2018) Gan 0102 Min Chu No.653
27.	Wang XX	Beijing Beautiful House Asset Management Co., Ltd.	(2018) Gan 0102 Min Chu No.654
28.	Wu X	Beijing Beautiful House Asset Management Co., Ltd.	(2018) Gan 0102 Min Chu No.653
29.	Shi Dandan	Beijing Beautiful House Asset Management Co., Ltd.	(2018) Shan 0113 Min Chu No.216
30.	Chen Yang	Beijing Beautiful House Asset Management Co., Ltd.	(2018) Yu 0112 Min Chu No.1811
31.	Xu Huaxin	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2018) Jing 0114 Min Chu No.665
32.	Zhang Ge	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2018) Jing 0108 Min Chu No.278

33.	Zhang Ge	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2018) Jing 01 Min Zhong No.5666
34.	Shi Wen	Beijing Beautiful House Asset Management Co., Ltd.	(2018) Jing 0115 Min Chu No.5621
35.	Wang Zhihan	Beijing Beautiful House Asset Management Co., Ltd.	(2018) Jing 0115 Min Chu No.5622
36.	Li Huabai	Beijing Beautiful House Asset Management Co., Ltd.	(2017) Chuan 0116 Min Chu No.4776
37.	Wang Jun	Beijing Beautiful House Asset Management Co., Ltd.	(2018) Chuan 0191 Min Chu No.8450
38.	Beijing Beautiful House Asset Management Co., Ltd.	XX	(2018) Yun 0102 Min Chu No.4910
39.	Shang Wenbing, Shang Wenli etc.	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2017) Jing 0114 Min Chu No.12243
40.	Beijing Beautiful House Asset Management Co., Ltd. etc.	Yin Xiaojun	(2017) Jing 0114 Min Chu No.11128
41.	Shang Wenbing, Shang Wenli etc.	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2016) Jing 0114 Min Chu No.14768
42.	Yue Bing	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2016) Jing 0115 Min Chu No.18723
43.	Xu Huaxin etc.	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2018) Jing 01 Min Zhong No.95
44.	Zhao Shanzhong etc.	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2017) Jing 01 Min Zhong No.9629
45.	Xu Huaxin etc.	Beijing Beautiful House Asset Management Co., Ltd. etc.	(2017) Jing 0114 Min Chu No.845
46.	Shen Daming	Beijing Beautiful House Asset Management Co., Ltd.	(2018) Jing 0108 Min Chu No.63152
47.	Chen Suqin	Beijing Beautiful House Asset Management Co., Ltd.	(2018) Gan 0102 Min Chu No.6538
48.	Yao Mei	Beijing LianULife Property Management Co., Ltd.	(2020) Jin 0104 Min Chu No.2759
49.	Xu Tengfei	Beijing LianULife Property Management Co., Ltd.	(2020) Jin 0106 Min Chu No.971
50.	Zhou Aijie	Beijing LianULife Property Management Co., Ltd.	(2020) Lu 0103 Min Chu No.2531
51.	Yang Wenzhi	Beijing LianULife Property Management Co., Ltd.	(2020) Jin 0104 Min Chu No.2451
52.	Chen Lipin	Beijing LianULife Property Management Co., Ltd.	(2020) Chuan 0191 Min Chu No.1463
53.	Ge Meng	Beijing LianULife Property Management Co., Ltd.	(2019) Su 0505 Min Chu No.7153
54.	Lin Zhongyi	Beijing LianULife Property Management Co., Ltd.	(2019) Jing 0101 Min Chu No.8994

Annex III Rent Loan Balance Acknowledged by the Parties

The Left Customers' Rent Loan Balances included in this transaction in accordance with Article 4.3 of the Agreement as of the Asset Delivery Date is RMB102,469,713.88.

Exhibit 4.16

Chengdu Liwu Apartment Management Co., Ltd.

and

Beijing Yihongyue Real Estate Agency Co., Ltd.

and

Han Guang

Between

Contracted Operation Agreement

Contents

This Contracted Operation Agreement (hereinafter referred to as the "**Agreement**") is made and entered into by the following parties on July 22, 2020 in Shanghai, the People's Republic of China (hereinafter referred to as the "**PRC**", for the purpose of this Agreement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan Region):

Party A: Chengdu Liwu Apartment Management Co., Ltd., a limited liability company legally established and validly existing under the laws of the PRC with the unified social credit code of 91510100MA6A2T5H8J, whose registered address is at the East Section of Ningbo Road, Zhengxing Sub-district, Tianfu New Area, Chengdu, China (Sichuan) Pilot Free Trade Zone, and whose legal representative is Qu Chengcai (hereinafter referred to as the "Entrusting Party");

Party B: Beijing Yihongyue Real Estate Agency Co., Ltd., a limited liability company legally established and validly existing under the laws of the PRC with the unified social credit code of 91110108MA001HP67B, whose registered address is at Room 8408, Floor 2, Building 5, Beichang, Weizikeng 149, Songjiazhuang Road 149, Fengtai District, Beijing, and whose legal representative is Fu Ruiyu (hereinafter referred to as the "**Contractor**");

Party C: Han Guang, a Chinese citizen with the ID number of 110106198207193635, residing in Room 301, Unit 6, Building 8, Dahongmen Nanli, Fengtai District, Beijing.

The parties mentioned above are hereinafter individually referred to as a "**Party**" and collectively referred to as the "**Parties**".

Whereas:

A. Party A is a long-term rental apartment operator in China. On July 22, 2020, Party A entered into the Asset Transfer Agreement (hereinafter referred to as the "**Asset Transfer Agreement**") with Beijing LianULife Technology Co., Ltd., Beijing LianULife Property Management Co., Ltd., Beijing LianULife Zhixuan Property Management Co., Ltd. and Beijing Beautiful House Asset Management Co., Ltd. (collectively referred to as the "**Transferors**"). Party A will purchase and accept the target assets in connection with the 72181 rental apartments located in Beijing and other regions of China (hereinafter referred to as the "**Subject Apartments**", see Appendix 1 hereto for details).

B. According to the Asset Transfer Agreement, the date of completing asset delivery is the "**Asset Delive**ry Date"; subject to other provisions of the Asset Transfer Agreement, both Party A and the Transferors agree that the Delivery Date of Asset is June 30, 2020. According to the Asset Transfer Agreement, both Part A and the Transferors agree that all the liabilities (including but not limited to the rent prepaid to the landlord, the rent payable to the landlord, the rent received from the tenant in advance, the security deposit paid by the landlord, the security deposit paid by the tenant, current tenant's balance of rent loan, liquidated damages and overdue fine (if any)) incurred by the target assets as of the Asset Delivery Date shall be borne by Party A.

C. As a professional talent apartment operator, Party B intends to operate the Subject Apartments and the apartments newly acquired by Party B for Party A by means of contracting, and share the contracting earnings and bear the contracting risks.

Now, Therefore, in accordance with the Contract Law of the People's Republic of China and other laws and regulations, the Parties have reached the following agreement through friendly consultation for abiding by in the future:

1. Contracting Scope

1.1 Both Party A and Party B agree that the following long-term rental apartments are operated and managed by Party B: (1) the Subject Apartments listed in Appendix 1, and (2) the contract for newly increase apartments acquired by Party B for Party A after the execution date of this agreement and the apartment lease contract (hereinafter referred to as the "**Newly Increased Apartments**", collectively referred to as the "**Contracted Apartments**" together with the Subject Apartments). Party B shall share the earnings from the Contracted Apartments and bear the contracting risks (hereinafter referred to as this "**Contracting Activity**"). Both Party A and Party B further agree that the working capital necessary for the contracted operation shall be provided by Party B itself, and Party A will not be responsible for providing funds or prepaying for any operating activity.

1.2 The Parties agree that for the purpose of this Contracting Activity, Party B shall be responsible for the management and operation of items as mentioned in Appendix 2 hereto (hereinafter referred to as the "**Contracting Items**"). To the extent mentioned above, Party A shall authorize Party B to manage the Contracted Apartments. To the extent of the Contracting Items listed in Appendix 2, under no circumstance shall Party B conduct any activity in connection with the Contracted Apartments or Party A by representing Party A or in the name of Party A, including but not limited to discussion, negotiation, employment, financing from the bank or the third party, providing guarantee for the third party, or entering into agreement with the third party.

1.3 For the avoidance of doubt, this Contracting Activity and other agreements hereunder shall not be individually or jointly deemed that the Parties have established a partnership; for operation of the Contracted Apartments, Party B may exercise its authority over the entrusted contracting items hereunder only; without the prior written consent of Party A, Party B shall not subcontract its obligations hereunder to any third party or entrust the third party to fulfill its obligations hereunder.

2. Contracting Term

2.1 The Parties acknowledge and agree that the term of this Contracting Activity (hereinafter referred to as the "**Contracting Term**") is eight (8) years, from the next day of the Asset Delivery Date (hereinafter referred to as the "**Start Date of Contracting**").

2.2 If Party B intends to continue to contract the apartments under entrusted management of Party A upon expiry of the Contracting Term, Party B shall give a written application to Party A at least three (3) months in advance. With the consent of Party A, Party and Party B will sign another Contracted Operation Agreement (Party A and Party B shall reach an agreement on the terms and conditions thereof separately).

2.3 The Parties acknowledge and agree that Party A will transfer and deliver the Contracted Apartments on the Start Date of Contracting, and from the Start Date of Contracting, Party B will conduct contracted operation for the Contracted Apartments.

3. Performance Assessment, Service Fee and Rewards

3.1 The Parties acknowledge and agree that they have jointly formulated Appendix 3 Assessment Criteria of Contracting Performance hereto based on the conditions of apartment leasing market. Both Party A and Party B shall implement it.

3.2 Both Party A and Party B acknowledge and agree that:

(1) During the Contracting Term, Party B shall meet the annual and quarterly assessment requirements mentioned in Appendix 3 Assessment Criteria of Contracting Performance;

(2) Party A shall be entitled to supervise and manage conditions of the Contracted Apartments contracted by Party B for operation when necessary, and put forward reasonable comments and suggestions;

(3) Party A shall be entitled to assess Party B's operation according to Appendix 3 Assessment Criteria of Contracting Performance hereto, and require Party B to compensate or reward Party B according to the Assessment Criteria of Contracting Performance based on the assessment result;

(4) Subject to the provisions of Appendix 3 Assessment Criteria of Contracting Performance, when the escrow account receives the actual cash flow incurred by operating Contracted Apartments (and such cash flow is at least higher than the service fee charged by Party B as per the following standards), Party A shall pay Party B corresponding service fee. The Parties acknowledge and agree that the service fee that Party A shall pay Party B hereunder (hereinafter referred to as the "**Service Fee**") shall be the sum of the amounts charged as per the following standards: (i) 12% of the tax-inclusive rental income incurred by the Contracted Apartments, plus (ii) 80% of the non-business income (mainly including administration expense and liquidated damages) incurred by the Contracted Apartments.

(5) On the premise that Party A doesn't violate the Agreement, if Party B fails to meet the assessment requirement of Appendix 3 Assessment Criteria of Contracting Performance, the Service Fee received by Party B shall be deducted accordingly as per the calculation method mentioned in Appendix 3; if the Service Fee doesn't reach the EBITDA indicator after VAT (for the definition, see Appendix 3 Assessment Criteria of Contracting Performance, the same below), Party B shall pay Party A cash for the balance ("**Cash Balance**"); the Parties further agree that if it's necessary to fulfill the obligation of paying the performance balance as mentioned in Paragraph (5) of this Article 3.2, Party B shall be entitled to require to pay such Cash Difference by installments within no more than sixty (60) days ("**Balance Payment Period**") so that fulfillment of such obligation will not influence Party B's normal operation; and

(6) The Parties acknowledge and agree that Party C shall be responsible to Party A for making up for the poor performance of Party B's performance for the Subject Apartments as listed in Appendix 3 Assessment Criteria of Contracting Performance, i.e. if Party B fails to meet relevant performance standard for the Subject Apartments as listed in Appendix 3, and the Service Fee doesn't reach the EBITDA indicator after VAT, Party A shall first require Party B to top up the Cash Balance; if Party B fails to fulfill the said obligation within the Balance Payment Period and fails to do so even after Party A makes a request, Party A shall be entitled to require Party C in written form to pay the Cash Balance payable by Party B for the Subject Apartments. If Party C assumes the joint liability and tops up the EBITDA indicator after VAT for the Subject Apartments, it will be deemed that Party B has hit the target.

(7) The Parties acknowledge and agree that Party C shall be responsible to Party A for making up for the poor performance of Party B's performance for the Newly Increased Apartments as listed in Appendix 3 Assessment Criteria of Contracting Performance, i.e. if Party B fails to meet relevant performance standard for the Newly Increased Apartments as listed in Appendix 3, and the Service Fee doesn't reach the EBITDA indicator after VAT, Party A shall first require Party B to top up the Cash Balance; if Party B fails to fulfill the said obligation within the Balance Payment Period and fails to do so even after Party A makes a request, Party A shall be entitled to require Party C in written form to pay the Cash Balance payable by Party B for the Newly Increased Apartments. However, such obligation shall be limited by the shares of Party A's overseas related party held by Party C at that time. If Party C assumes the joint liability and tops up the EBITDA indicator after VAT for the Newly Increased Apartments, it will be deemed that Party B has hit the target.

3.3 Party A shall duly pay Party B the Service Fee and rewards (if any) of the prior month through the escrow account by bank transfer prior to the 15th day of each month.

3.4 Both Party A and Party B further acknowledge and agree that in order to ensure Party A has the right to assess and supervise Party B's contracted operation, Party A shall be entitled to participate in making and developing Party B's important development strategy, decision and planning, and to assign no more than one third of the total directors to Party B's Board of Directors, to assign no less than one third of the total supervisors to Party B's Board of Supervisors, and independently assign several financial staff to Party B's Finance Department based on the need of this Contracting Activity. Party B shall take all the necessary actions and acts required by Chinese laws so that Party A completes its assignment of the personnel mentioned above to Party B, and help the personnel assigned by Party A fulfill their duties in a reasonable manner.

4. Disposal of Rent Loan Balance

4.1 The Parties acknowledge and agree that subject to relevant provisions of the Asset Transfer Agreement, if the rent loan balance of the customer who checks out for the Subject Apartment as of the Assets Delivery Date ("**Rent Loan Balance of the Customer Who Leaves on Delivery Date**") is recorded as Delivery Date Liabilities according to the Asset Transfer Agreement, then within six (6) months from the Start Date of Contracting (inclusive), the principal of the amount due and payable in the rent loan balance of the customer who leaves the apartment shall be paid by Party B ("**Advance Principal**"). Both Party A and its related party shall repay Party B such Advance Principal by the manner accepted by Party B within six (6) months from the Start Date of Contracting. After six (6) months from the Start Date of Contracting (inclusive), the principal of the amount due and payable in the rent loan balance of the customer who leaves the apartment shall be borne by Party A and its related party. For the purpose of the Agreement, for the Subject Apartments, "**Rent Loan Balance of the Customer Who Leaves**" means the balance of the rent loan applied for the Subject Apartment which is not fully repaid by the tenant who has terminated the lease agreement with the Transferors who agree with the surrender of tenancy for the Subject Apartment. For the avoidance of doubt, the Parties acknowledge that after the delivery date, the Rent Loan Balance of the Customer Who Leaves on Delivery Date will not increase.

4.2 The Parties acknowledge and agree that 50% of all the interests incurred by current rent loan balance (for the avoidance of doubt, if the Rent Loan Balance of the Customer Who Leaves is recorded as Delivery Date Liabilities, then such rent loan balance shall include the Rent Loan Balance of the Customer Who Leaves) of the Subject Apartment as of the execution date of the Agreement in two (2) years from the Start Date of Contracting (inclusive) shall be borne by Party A, and the remaining 50% shall be borne by Party B; the interest on the rent loan balance incurred after two (2) years (excluding the expiry date) from the Start Date of Contracting shall be borne by Party B.

4.3 The Parties acknowledge and agree that unless with the prior written consent of Party A, Party B shall ensure that the rent loan balance of the Subject Apartment as of the Start Date of Contracting(inclusive) will not increase after the Start Date of Contracting; the rent loan balance which can increase with the express consent of Party A shall be allocated by Party A, with the interest increased thereby shall be borne by Party A. For the avoidance of doubt, if Party B needs to introduce or set up rent loan for the Newly Increased Apartments, Party A's prior consent shall also be obtained.

5. Escrow Account

5.1 In order to achieve the purpose of this Contracting Activity, both Party A and Party B agree to open an escrow account ("**Escrow Account**") with the bank designated by both of them to receive all the rental income, administration expense, liquidated damages, overdue fine and other income in connection with the Contracted Apartments and incurred during the Contracting Term. Party A shall be the nominal holder and Party B the related party of such Escrow Account.

5.2 Both Party A and Party B further agree that Party A shall pay Party B the Service Fee with the funds from the Escrow Account. Setup, change and cancellation of the Escrow Account shall obtain the prior joint written consent of both Party A and Party B, and shall be subject to the format requirement of the deposit bank for using and managing the Escrow Account. Party A may withdraw the funds from the Escrow Account once within ten (10) days after the end of each quarter, provided that after such withdrawal, the balance of the Escrow Account shall not be less than the total reserve fund accepted by the two parties. The "**Reserve Fund**" mentioned in this Article 5.2 means the principal of the Service Fee and the rent loan payable upon departure of the next month and the interests payable by Party A hereunder; if the Contracted Apartments incur other short-term rigid liabilities for this Contracting Activity, the two parties may negotiate how to share such liabilities.

6. Undertakings

6.1 Party B undertakes that it will complete the Contracting Items as agreed herein, including but not limited to:

(1) Party B shall confirm that Party A has delivered all the Subject Apartments on the Start Date of Contracting, and the apartments, decorated and fully furnished, are leasable, and that all the furniture, home appliances and other facilities therein are under good working conditions, without any defect or safety hazard;

(2) Party B shall properly operate and manage the Contracted Apartments and various articles and facilities therein. The damaged or destructed furniture, home appliances and other facilities in the apartment during the Contracting Term shall be repaired and replaced by Party B; in case of water leaking, fire disaster or other accident, Party B shall process it and bear relevant costs;

(3) Party B shall provide Party A with the authority of managing the IT management & operation system in connection with operation of the Contracted Apartments;

(4) Party B shall ensure that during the Contracting Term, without the prior written consent of Party A, the payment method of various expenses incurred by the contracted apartments and the general terms (including but not limited to the standard of charging security deposit) as well as those applicable to such apartments prior to the Start Date of Contracting will not have any change that is adverse to Party A and/or Party B;

(5) Party B shall be responsible for processing various matters during the Contracting Term, including but not limited to (1) various disputes incurred by the apartment obligee, sub-tenant and others due to the Contracted Apartments, including but not limited to lawsuit and arbitration; (2) the investigation, field inspection, administrative penalty and other administrative measures conducted by the government department over the Contracted Apartments; and (3) other disputes and affairs. Party B shall pay the expenses incurred by the matters mentioned above. If Party A is required to give cooperation, the expenses incurred thereby shall be borne by Party B; notwithstanding the foregoing, if any dispute or penalty mentioned above is caused by Party A or its related party, all the relevant expenses shall be borne by Party A;

(6) Party B shall be responsible for providing and maintaining all the costs and expenses necessary for operation of the Contracted Apartments during the Contracting Term; if any loss is caused by Party B due to operation of the Contracted Apartments, Party B shall supplement itself the funds necessary for operation of the Contracted Apartments, Party B shall not require Party A to pay or prepay any cost incurred by operation of the Contracted Apartments by requesting Party A to pay the Service Fee, and Party A will not pay or prepay the startup costs and the funds necessary for subsequent operation of the Contracted Apartments;

(7) Party B shall bear the infrastructure costs in connection with the Contracted Apartments ("**Infrastructure Costs**") during the Contracting Term, including broadband fee and other fees as agreed by Party A and Party B through negotiation. Party A will not pay or prepay the infrastructure costs in connection with the Contracted Apartments and other operating costs;

(8) Party B shall proactively exercise Party A's rights and properly fulfill Party A's obligations in strict accordance with the Apartment Trusteeship and Leasing Contract concluded between Party A and the apartment obligee (including all the obligees, the lessor who leases such apartment and the entrusting party) and the provisions of relevant contract. Prior to expiry of the lease term of the Apartment Trusteeship and Leasing Contract, with the written consent of Party A, Party B may negotiate renewal of the lease with the apartment obligee on behalf of Party A;

(9) Party B shall proactively exercise Party A's rights and properly fulfill Party A's obligations in strict accordance with the Accommodation Service Contract concluded between Party A and the subtenant. Prior to expiry of the lease term of the Accommodation Service Contract, with the written consent of Party A, Party B shall negotiate renewal of the lease with the subtenant on behalf of Party A; and

(10) If the Apartment Trusteeship and Leasing Contract concluded between Party A and the apartment obligee is terminated upon expiry or cancelled due to other reasons, both Party A and Party B shall remove such apartment from the Contracted Apartments. If, with the help of Party B, Party A enters into the Apartment Trusteeship and Leasing Contract with other apartment obligee, such apartment shall be included into the Contracted Apartments. When the number of Contracted Apartments changes, Party B shall notify Party A thereof in a timely manner.

6.2 Party C undertakes to Party A as follows:

(1) It will do its best effort to facilitate Party B to perform its obligations and commitments hereunder;

(2) It will do its best effort to fulfill and perform the obligation of making up for the poor performance hereunder; and

(3) During the Contracting Term, it will always maintain its actual control over Party B (unless the control power changes with the consent of Party A).

6.3 Party A undertakes that it will fulfill and perform its obligations and undertakings hereunder, including but not limited to duly and fully paying Party B the Service Fee and other payables.

6.4 The Parties acknowledge that Party B operates the Newly Increased Apartments and satisfies corresponding performance standard depending on the financial support given by Party A or its related party, the Parties will further conduct amicable negotiation about Party A's provision of funds for the Newly Increased Apartments, and the performance standard for Newly Increased Apartments as listed in Appendix 3 Assessment Criteria of Contracting Performance hereto will be adjusted based on Party A's (or its related party's) provision of funds.

7. Confidentiality

7.1 Each Party shall use all reasonable efforts to keep confidential the following information (hereinafter referred to as the "**Confidential Information**") and to ensure that its Related Parties and their respective directors, officers, employees, agents, partners, banks, accountants, attorneys, financial advisors, and other relevant persons will keep confidential the following information:

(1) All the information relating to this Agreement and the Asset Transfer Agreement, including but not limited to the terms of the Agreement and the existence hereof, and conditions of the Contracted Apartments;

(2) The information that has been identified by the Parties as being within the scope of Confidential Information and for which appropriate confidentiality measures have been taken; and

(3) The information about the other parties learnt by each Party as a result of its participation in this Contracting Activity.

7.2 No Party may disclose, reveal, send or permit the use of such Confidential Information to any third party without the prior written consent of the other Parties.

7.3 The Confidential Information shall not include any information which:

(1) Is or becomes publicly known otherwise than through any Party's breach of its confidentiality obligations; or

(2) Is independently developed or lawfully obtained by any Party without breaching its confidentiality obligations.

7.4 Any Party shall not be deemed to have disclosed or divulged any Confidential Information if:

(1) Such Confidential Information was publicly known prior to its disclosure (except to the extent that it was disclosed in a manner breaching this Article);

(2) The disclosure of such Confidential Information is carried out with the prior written consent of the other Parties hereto;

(3) Such Confidential Information is disclosed by such Party to its professional advisors, who are required to assume confidentiality obligations, for the purpose of this Contracting Activity;

Any Party and its Related Parties have the right to disclose the Confidential Information in accordance with applicable laws or a binding written judgment, order or requirement of a court of competent jurisdiction, governmental authority, official agency, regulatory authority or any other competent authority; for the avoidance of doubt, such judgment, order or requirement must be issued in a formal written document by a competent authority, failing which such Party shall not disclose or divulge any Confidential Information; such Party shall give a prior written notice to the other Parties and consult with such other Parties in order to avoid or minimize the loss of such other Parties.

8. Liability for Breach of Contract

8.1 The Parties acknowledge and agree that if any Party violates any representation, warranty, obligation and undertaking hereunder, unless otherwise stipulated herein, the breaching Party shall compensate the non-breaching Parties for all the losses caused thereby, and when such violation severely influences the non-breaching Parties' realization of the purpose of signing the Agreement, the non-breaching Parties shall have the right to unilaterally cancel the Agreement in advance without assuming any liability for breach of contract incurred thereby.

8.2 The Parties acknowledge and agree that if Party B's performance in any quarter fails to reach the assessment requirement for the Subject Apartments mentioned in Appendix 3 Assessment Criteria of Contracting Performance, Party A shall have the right to deduct the Service Fee according to Appendix 3 Assessment Criteria of Contracting Performance and require Party B to make compensation (if the Service Fee is not enough). The Parties further acknowledge and agree that if Party B's performance fails to reach the standard, Party A shall have the right to unilaterally rescind the Agreement in advance by giving a ten (10) working days' written notice and regain all the Contracted Apartments, without assuming any liability for breach of contract incurred thereby or paying the remaining Service Fee for the Contracting Term. For the avoidance of doubt, even if Party A rescinds the Agreement in advance according to this Article 8.2, it shall also pay Party B the Service Fee that has been incurred as of the date of terminating the Agreement.

8.3 The Parties acknowledge and agree that if Party A fails to pay Party B the Service Fee, reward or other payables within the term as agreed herein, then for each day overdue, Party A shall pay Party B the liquidated damages, i.e. 5‰ of the payables. If Party A delays paying the Service Fee for three (3) times accumulatively, Party B shall have the right to unilaterally rescind the Agreement in advance, without assuming any liability for breach of contract incurred thereby.

9. Governing Law and Dispute Resolution

9.1 The conclusion, validity, interpretation, performance and dispute resolution of the Agreement shall be governed by and construed in accordance with the laws of the PRC.

9.2 All disputes arising out of or in connection with the performance of the Agreement shall be settled by the Parties through amicable negotiation.

9.3 The Agreement shall be governed by and construed in accordance with the laws of the PRC. All the disputes, controversies and claims arising out of or in connection with the Agreement shall be first settled by the Parties through amicable negotiation; if the negotiation fails, any Party shall have the right to submit the dispute to Shanghai International Economic and Trade Arbitration Commission for arbitration according the arbitration rules currently in effect in Shanghai. The arbitral award shall be final and binding upon all the Parties.

10. Miscellaneous

10.1 Unless otherwise stipulated herein or the context otherwise stated, the terms herein have the same meanings as those in the Asset Transfer Agreement.

10.2 The Agreement shall become effective on the date on which it is duly signed by the Parties or their authorized representatives.

10.3 For anything not covered herein, the Parties may separately enter into written supplemental agreements, which shall become effective upon being duly signed by the authorized representatives of the Parties.

10.4 The Agreement represents the entire agreement between the Parties with respect to this transaction and supersedes and terminates any other prior written and oral agreements between the Parties with respect to this transaction, including but not limited to any agreement of intent. All the annexes and appendices hereto shall be an integral part of the Agreement and shall have the same force and effect as the Agreement.

10.5 The failure of any Party to exercise or delay in exercising any right, power or remedy hereunder shall not be deemed as a waiver, nor shall any single exercise or partial exercise of any right, power or remedy preclude that Party from further exercising such right, power or remedy or exercising any other right, power or remedy.

10.6 This Agreement is made in three (3) originals, one for each Party, with the same legal effect.

(No text below, signature page)

(No text below, signature page of the Contracted Operation Agreement)

Party A: Chengdu Liwu Apartment Management Co., Ltd. (Official Seal)
Chengdu Liwu Apartment Management Co., Ltd. (Seal)

/s/ Qu Chengcai

Legal Representative: Qu Chengcai

(No text below, signature page of the Contracted Operation Agreement)

Party B: Beijing Yihongyue Real Estate Agency Co., Ltd. (Official Seal)

Beijing Yihongyue Real Estate Agency Co., Ltd. (Seal)

/s/ Fu Ruiyu

Legal Representative: Fu Ruiyu

(No text below, signature page of the Contracted Operation Agreement)

Party C: Han Guang

/s/ Han Guang

Appendix 1 List of the Subject Apartments

Appendix 2 Contracting Items

No.	Item	Main Content
1.	**Project management service**	1. Funds • Ensure the rent, rental deposit and other incomes incurred by all the Contracted Apartments have been directly deposited in the Escrow Account. 2. Account book and record: • Keep all the records of the Contracted Apartments in the archives room designated by Party A as per the method, system and format approved by Party A, and provide detailed financial statements and other documents, including but not limited to basic information of the Contracted Apartments and all the incomes and expenditures that are necessary or convenient to record the property operation result and all the other records. • One original each of all the lease contracts, apartment trusteeship and leasing contracts, accommodation service contracts, equipment leasing contracts, maintenance contracts, infrastructure service contracts and other agreements in connection with operation of the Contracted Apartments shall be kept in the archives room. Duplicates of all these documents shall be immediately transferred to Party A upon execution. • Help Party A ensure the monthly financial statements are fair and accurate (all the incomes have been accurately booked, and all the expenses have been correctly presented and fully booked), comply with the accounting principles as designated by Party A, and provide budget support for Party A and interest expense. 3. Cost management: • Minimize the cost according to the annual business plan accepted by Party A, including using all reasonable endeavours, and explain the reason of any cost overrun to Party A. 4. Obligation of reporting • For the obligations of Party B hereunder, submit relevant report to Party A at the request of Party A. 5. Manage and coordinate third-party suppliers • If requested by Party A, manage and coordinate the matters between Party A and the third-party service providers in connection with the Contracted Apartments. 6. Abide by laws • Abide by all the applicable laws in connection with this Contracting Activity and notify Party A of their details, including giving advice for the content and requirement of the new laws, regulations and policy documents that influence Party A or the Contracted Apartments. • Immediately notify Party A once any act that is suspected of violating applicable laws.

No.	Item	Main Content
		7. Abide by internal policies • Do best effort to cooperate with Party A and its shareholders, and give reasonable advice and assistance to them so that Party A and its shareholders can abide by their own internal policies and requirements. 8. Fulfill other obligations • Keep the contract which Party A shall perform and the list to be provided to the third party for fulfillment of its obligations, and give advice and conduct supervision on how such obligations have been fulfilled. 9. Disputes • Provide such Party A with duplicates of all the received official notices in connection with operation of the Contracted Apartments (whether court, regulator or any third party), and if any default or dispute in connection with Party A and the performance of service is found, immediately notify Party A, and give advice on how to take measures to respond to, correct or avoid such default or dispute.

2.	**Operations management service**	1. Strategy
		• Develop business strategies for the Contracted Apartments, including market positioning, marketing plan, leasing plan and pricing plan.
		• Help Party A develop the annual business plan.
		
		2. License and permission
		• Help Party A apply for, obtain, maintain, change and renew all the permits, certificates, official reply from the government and licenses necessary for operation.
		
		3. Leasing
		• Give assistance in renewing the lease of Contracted Apartments and empty apartments. The obligations include but not limited to:
		  • Answer the questions put forward by potential tenants and provide them with relevant materials;
		  • Organize and accompany potential tenants to visit the leased apartment and public area;
		  • According to the annual business plan, budget and leasing plan and strategy approved by Party A, conduct negotiations on new lease and renewal of lease.
		• Arrange and help Party A and the tenants to sign new lease agreements or agreements for renewal of lease.
		
		4. Leasing
		• Give assistance in leasing the apartments to be leased. The obligations include but not limited to:
		  • Answer the questions put forward by potential landlords (apartment obligees and subtenants) and provide them with relevant materials;
		  • Inspect, assess and accept the apartments of the potential landlords;
		  • According to the annual business plan, budget and leasing plan and strategy approved by Party A, conduct negotiations on renewal of leasing new or original apartments.
		• Arrange and help Party A to sign new lease agreements with potential landlords or sign agreements for renewal of lease with existing landlords.

No.	Item	Main Content

5. Marketing and advertising

- Help Party A conduct advertising and promotion activities and other marketing activities, and prepare, produce and distribute all the necessary promotion materials.

6. Contract:

- Create and maintain an information sheet for lease contracts, the content of which should include but not limited to lease term, amount, termination clauses, and date of contract renewal.
- Negotiate all the service agreements necessary for operation of the Contracted Apartments on behalf of Party A, including but not limited to property service, water, electricity and gas supply, telephone communication, IT system, health, pest control, elevator and boiler maintenance (if applicable).
- Supervise and purchase or arrange to economically purchase all the articles necessary and appropriate for operation and management of the Contracted Apartments during the normal business process.

7. Repair and maintenance

- Clean, inspect, maintain and repair the Contracted Apartments and their auxiliary facilities and articles to ensure such Contracted Apartments and their auxiliary facilities and articles are clean, tidy, in order, safe, well maintained and in good working conditions.
- Frequently inspect repair conditions and status of the Contracted Apartments and their auxiliary facilities and articles as appropriate to determine all the resources necessary for repair and maintenance of the Contracted Apartments.
- Arrange all the repair work and necessary projects to abide by and fulfill Party A's any existing leasing obligation, investigate all the service requests put forward by the tenants, record such service requests, and take measures that are reasonably required.
- Supervise how the Contracted Apartments are repaired and maintained.
- Attend all the on-site meetings required by Party A and/or the tenants, and answer all the emergency calls during non-office hours.

8. Insurance

- Advise Party A on the insurance guidelines on Contracted Apartments that it deems necessary, reasonable and feasible, such as guidelines of property insurance, business insurance and liability insurance.
- Negotiate the insurance guideline at the request of Party A.
- Help Party A process all the insurance claims.

9. Lease management

- Supervise all the leasing units within the scope of Contracted Apartments to ensure tenants of such leasing units abide by all the agreements. If any tenant violates any of such agreements, then notify Party A and take appropriate actions to remedy any violation with the prior written consent of Party A.

No.	Item	Main Content
		• Charge lease deposit, rent, repair cost, Service Fee and all the other payables hereunder against tenants of the leasing unit, and deposit all such funds in the Escrow Account. • Give advice and assistance to Party A, and perform any actions in connection with the rent unpaid and the payables under all the other lease agreements. • Check all the rents at the request of Party A. • Process the complaints, queries and comments from Party A. • Help Party A ensure it fulfills all of its obligations under the lease agreement to the extent reasonable and possible. • Cooperate with the tenants and help Party A and the tenants keep a good relationship with the landlord. • Help Party A submit the leasing documents to relevant government department (if necessary). 10. Template of lease agreement • Prepare templates of the lease agreements and other agreements to be concluded with the tenants, apartment obligees and subtenants for approval by Party A.

Appendix 3 Assessment Criteria of Contracting Performance

1. Assessment criteria

During the Contracting Term, the Service Fee paid to Party B shall be increased or decreased according to the assessment mechanism as agreed in this Assessment Criteria of Contracting Performance when it is actually paid.

Party B shall ensure that in each fiscal year between 2021 and 2028 (for the purpose of the Agreement, each fiscal year means the period from July 1 of current year to June 30 of the next year), the EBITDA after deducting VAT[1] incurred by the Contracted Apartments (hereinafter referred to as the "**EBITDA After VAT**") will reach the assessment indicators of Subject Apartments and Newly Increased Apartments (hereinafter collectively referred to as the "**EBITDA Indicator After VAT**") below. If Party B fails to reach the EBITDA Indicator After VAT in any fiscal year, the Service Fee shall be deducted accordingly, which means Party A will deduct the difference between the actual EBITDA After VAT (hereinafter referred to as the "**Actual EBITDA After VAT**") in such fiscal year and the EBITDA Indicator After VAT (hereinafter referred to as the "**Difference of EBITDA After VAT**") from the Service Fee. If the Service Fee of such fiscal year cannot cover the Difference of EBITDA After VAT, Party B shall continue to compensate Party A for the balance until full compensation is made for the EBITDA Indicator After VAT. During the process of actual assessment, for the assessment criteria mentioned above, the quarterly indicator determined by both Party A and Party B through negotiation shall be used. For the avoidance of doubt, Party B shall reach both of the two indicators below in each fiscal year between 2021 and 2028: (1) assessment indicator of Subject Apartments, and (2) assessment indicator of Newly Increased Apartments, and make compensation for the difference between the Actual EBITDA After VAT and the two indicators mentioned above.

If Party B exceeds the EBITDA After VAT, Party B shall have the right to withdraw 50% of the excess EBITDA After VAT as a reward.

2. Assessment criteria

Indicators of Subject Apartments

(RMB 10,000)	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
Rental income (pre-tax)	117,000	118,170	119,352	119,352	119,352	119,352	119,352	119,352
Rent paid to landlord	90,112	91,013	91,923	91,923	91,923	91,923	91,923	91,923
Administration expense 12%	13,245	13,378	13,512	13,512	13,512	13,512	13,512	13,512
Taxes 6%	6,623	6,689	6,756	6,756	6,756	6,756	6,756	6,756
EBITDA After VAT 6%	7,020	7,090	7,161	7,161	7,161	7,161	7,161	7,161
Non-business income (pre-tax) (mainly including administration expense and liquidated damages)								
Non-business income (pre-tax)	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Administration expense 80%	9,811	9,811	9,811	9,811	9,811	9,811	9,811	9,811
Taxes 6%	736	736	736	736	736	736	736	736
EBITDA After VAT 14%	2,453	2,453	2,453	2,453	2,453	2,453	2,453	2,453
Total EBITDA Indicators After VAT	**9,473**	**9,543**	**9,614**	**9,614**	**9,614**	**9,614**	**9,614**	**9,614**

1 The Parties acknowledge and agree that as of the execution date of the Agreement, Party A has paid taxes based on the transaction amount; if the way of tax payment (including balancing charge) is changed in future, the EBITDA after VAT and corresponding indicators shall be subject to the latest tax rate.

Indicators of Newly Increased Apartments

(RMB 10,000)	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28
Rental income (pre-tax)	18,000	63,000	90,000	90,000	90,000	90,000	90,000	90,000
Rent paid to landlord	13,863	48,522	69,317	69,317	69,317	69,317	69,317	69,317
Administration expense 12%	2,038	7,132	10,189	10,189	10,189	10,189	10,189	10,189
Taxes 6%	1,019	3,566	5,094	5,094	5,094	5,094	5,094	5,094
EBITDA After VAT 6%	**1,080**	**3,780**	**5,400**	**5,400**	**5,400**	**5,400**	**5,400**	**5,400**
Non-business income (pre-tax) (mainly including administration expense and liquidated damages)	2,000	7,000	10,000	10,000	10,000	10,000	10,000	10,000
Administration expense 80%	1,509	5,283	7,547	7,547	7,547	7,547	7,547	7,547
Taxes 6%	113	396	566	566	566	566	566	566
EBITDA After VAT 14%	377	1,321	1,887	1,887	1,887	1,887	1,887	1,887
EBITDA Indicators After VAT	**1,457**	**5,101**	**7,287**	**7,287**	**7,287**	**7,287**	**7,287**	**7,287**

Upon negotiation by Party A and Party B, the assessment indicators of Newly Increased Apartments may be adjusted or cancelled.

3. Accounting standard

All the financial indicators involved in this Assessment Criteria of Contracting Performance shall be subject to the auditor's report prepared in accordance with the Generally Accepted Accounting Principles (US GAAP). Notwithstanding the foregoing, the Parties acknowledge that the cost of the EBITDA as agreed in this Appendix 3 is calculated with the straight-line amortization method. The accounting of the landlord's rental cost will not be affected by the change of US GAAP, and it will not be added when calculating EBITDA.

4. Assessment mechanism

The Parties agree that during the Contracting Term, Party B's business performance of the Contracted Apartments will be assessed on a quarterly basis, and adjust the Service Fee of such quarter and the amount of compensation (if the performance fails to reach the standard) based on the assessment result. The specific assessment method is shown below:

(1) If the Actual EBITDA After VAT of such quarter is **higher than** the EBITDA Indicator After VAT, the excess part shall be shared by the two parties by 50%: 50%; and

(2) If the Actual EBITDA After VAT of such quarter is **less than** the EBITDA Indicator After VAT, Party B shall pay the Difference of EBITDA After VAT of such quarter, which will be deducted from the Service Fee that Party B may charge in such quarter; when the Service Fee of such quarter fails to cover the Difference of EBITDA After VAT, Party B shall separately compensate Party A for the remaining Difference of EBITDA After VAT (Party A shall have the right to directly deduct the Difference of EBITDA After VAT that is not compensated by Party B in such quarter from the Service Fee of the next quarter).

Exhibit 4.17

Execution version

CONVERTIBLE NOTES AND WARRANT PURCHASE AGREEMENT

This Convertible Notes and Warrant Purchase Agreement (the "Agreement") is made as of July 22, 2020 by and among:

(1) Key Space (S) Pte Ltd, a company organized and existing under the laws of Singapore (the "Purchaser"); and

(2) Q&K International Group Limited, a company incorporated under the laws of the Cayman Islands and listed on NASDAQ under ticker symbol of QK (the "Issuer").

RECITALS

I. The Issuer desires to issue and sell, and the Purchaser desires to purchase, certain convertible notes (the "Notes" the form of which is attached to this Agreement as Exhibit A, together with this Agreement and the Notes, the "Note Documents") up to the principal amount of US$100 million and certain Warrants (as defined below the form of which is attached to this Agreement as Exhibit B, together with the Note Documents, the "Transaction Documents") in accordance with the terms and conditions of this Agreement.

II. The Notes shall be convertible on the terms stated therein into the Issuer's American Depositary Shares (the "ADSs", each ADS represents 30 class A ordinary shares of the Issuer (the "Class A Ordinary Shares")). The Notes and the ADSs issuable upon conversion thereof are collectively referred to herein as the "Securities".

AGREEMENT

In consideration of the premises, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. **Purchase and Sale of the Notes**.

(a) **Sale and Issuance of the Initial Note**. Subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase at its sole discretion, and the Issuer agrees to sell and issue to the Purchaser the initial Series 1 Note in the principal amount of US$30,000,000 (the "Initial Note") at the Initial Closing Date (as defined below). The purchase price of the Initial Note shall be equal to 100% of the principal amount of the Initial Note (the "Initial Note Purchase Price").

(b) **Closing and Delivery of the Initial Note**.

(i) Subject to satisfaction of the conditions to closing set forth in Section 6 hereof, on July 29, 2020 in the Issuer's office in Shanghai, or at such other time and place as the Issuer and the Purchaser shall mutually agree in writing (which time and place are designated as the "Initial Closing Date"), the Issuer shall deliver to the Purchaser the Initial Note dated the date of the Initial Closing Date against payment by the Purchaser of the Initial Note Purchase Price to the Issuer or its order by wire transfer of immediately available funds to the following bank account designated by the Issuer:

Beneficiary:	Q&K International Group Limited
Account Number:	3301308228
Bank:	Silicon Valley Bank
Bank's Address:	3003 TASMAN DRIVE,SANTA CLARA,CA 95054
Swift Code:	SVBKUS6S

(c) **Sale and Issuance of the Subsequent Notes**. Subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase, and the Issuer agrees to sell and issue to the Purchaser additional Series 1 or Series 2 Notes up to the aggregate principal amount of US$70,000,000 (which for the avoidance of doubt excludes the principal amount of the Initial Note) (collectively the "Subsequent Notes", and each, a "Subsequent Note") from time-to-time when designated by the Purchaser at the Purchaser's sole discretion within twenty-four (24) months following the Initial Closing Date at the relevant Subsequent Closings (as defined below). The principal amount of each Subsequent Note shall be determined by the Purchaser subject to the maximum principal amount in this section, provided each Subsequent Note shall have a minimum principal amount of $1,000,000. The purchase price of a Subsequent Note shall be equal to 100% of the principal amount of the corresponding Subsequent Note (the "Subsequent Note Purchase Price") and the Subsequent Note shall have a maturity date that is four years after the issue date of such Subsequent Note.

(d) **Closing and Delivery of the Subsequent Notes**.

Subject to satisfaction of the conditions to closing set forth in Section 6 hereof, the purchase and sale of a Subsequent Note shall take place (i) within ten (10) Business Days after the relevant acquisitions being designated as an approved acquisition by the Purchaser, or at such other time and place as the Issuer and the Purchaser shall mutually agree in writing; or (ii) within ten (10) Business Days upon a written notice by the Purchaser at its sole discretion to the Issuer stating the purchase of a Subsequent Note (the "Subsequent Closing Date"). Upon each Subsequent Closing Date, the Issuer shall deliver to the Purchaser the relevant Subsequent Note dated the date of such Subsequent Closing Date against payment by the Purchaser of such Subsequent Note Purchase Price to the Issuer or its order by wire transfer of immediately available funds to the bank account designated by the Issuer in this Agreement or such other bank account designated in writing by the Issuer at least five (5) Business Days prior to such Subsequent Closing Date. "Business Day" means, with respect to this Agreement, any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the People's Republic of China (which for the purpose of this Agreement excludes Hong Kong SAR, Macau SAR and Taiwan), Singapore, Hong Kong or New York. Each Initial Closing Date and Subsequent Closing Date is referred to as a "Closing".

2. **Issue of Warrants**.

(a) **Key Terms of Warrants**. Subject to the terms and conditions of this Agreement and in consideration of the Purchaser's purchase of the Initial Note and payment of the Initial Note Purchase Price, the Issuer agrees to issue the warrants to subscribe and purchase ADSs (the "Warrant"), substantially in the form attached to this Agreement as Exhibit B, with the following key terms and in accordance with the schedule of issuance below:

(i) The exercise price per ADS under each Warrant, subject to adjustment as described in the Warrant shall be one hundred and ten percent (110)% of the 60-Trading Day VWAP (as defined in the Warrant) of the ADSs as of the issuance date of such Warrant (the "Exercise Price").

(ii) The exercise period of each Warrant shall be five (5) years after the issuance date of such Warrant.

(b) **Schedule of Issuance**. The Warrants shall be issued according to the following schedule:

(i) On the Initial Closing Date, the Issuer shall issue to the Purchaser Warrant to purchase at the Exercise Price such number of ADSs equal to 4% of the Initial Note Purchase Price divided by the Exercise Price;

(ii) On the first anniversary of the Initial Closing Date, the Issuer shall issue to the Holder of the Note as of such first anniversary date Warrant to purchase at the Exercise Price such number of ADSs equal to 4% of the total outstanding principal amount of the Notes owned by such Holder as of such first anniversary date divided by the Exercise Price;

(iii) On the second anniversary of the Initial Closing Date, the Issuer shall issue to the Holder of the Note as of such second anniversary date Warrant to purchase at the Exercise Price such number of ADSs equal to 6% of the total outstanding principal amount of the Notes owned by such Holder as of such second anniversary date divided by the Exercise Price;

(iv) On the third anniversary of the Initial Closing Date, the Issuer shall issue to the Holder of the Note as of such third anniversary date Warrant to purchase at the Exercise Price such number of ADSs equal to 7% of the total outstanding principal amount of the Notes owned by such Holder as of such third anniversary date divided by the Exercise Price; and

(v) On the fourth anniversary of the Initial Closing Date, the Issuer shall issue to the Holder of the Note as of such fourth anniversary date Warrant to purchase at the Exercise Price such number of ADSs equal to 8% of the of the total outstanding principal amount of the Notes owned by such Holder as of such fourth anniversary date divided by the Exercise Price.

Notwithstanding the above, in the event of a Mandatory Conversion, the Warrants to be issued upon the next anniversary of the Initial Closing Date will be issued to the Holder of the Note subject of the Mandatory Conversion upon the completion of the Mandatory Conversion. For the avoidance of the doubt, each of the Notes and Warrants once issued, are separate obligations of the Issuer. Under this Agreement, Holder refers to the holder of the Note as registered in the records of the Issuer.

3. **Representations and Warranties of the Issuer**. The Issuer hereby represents and warrants to the Purchaser that:

(a) **Incorporation, Good Standing and Qualification**. Each of the Issuer and its Significant Subsidiaries (as defined below) is a corporation duly incorporated, validly existing and in good standing under the laws of the place of its incorporation or establishment and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted. Each of the Issuer and its Significant Subsidiaries is duly qualified to transact business and is in good standing in each jurisdiction in which the failure so to qualify would have a material adverse effect on its business or properties.

(b) **Authorization**. The Transaction Documents and the transactions contemplated hereunder and thereunder have been duly authorized by the Issuer. Each Transaction Document, when executed and delivered by the Issuer, shall constitute valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with its terms except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies. Without limiting the generality of the foregoing, as of each Closing, no approval by the shareholders of the Issuer is required in connection with this Agreement or other Transaction Documents, the performance by the Issuer of its obligations hereunder or thereunder, or the consummation by the Issuer of the transactions contemplated hereby or thereby, except for those that have been obtained, waived or exempted at or prior to each Closing.

(c) **No Contravention**. None of the execution and the delivery of this Agreement and other Transaction Documents, nor the consummation of the transactions contemplated hereby or thereby, will (i) violate any provision of the organizational documents of the Issuer, (ii) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Issuer is subject, or (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of any Encumbrances (as defined below) under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound or to which any of the Issuer's or any of its Subsidiaries' assets are subject, except, in the case of (ii) and (iii) above, for such conflicts, breach, defaults, rights or violations, which would not reasonably be expected to result in a Material Adverse Effect. There is no action, suit or proceeding, pending or, to the knowledge of the Issuer, threatened against the Issuer that questions the validity of the Transaction Documents or the right of the Issuer to enter into this Agreement or to consummate the transactions contemplated hereby or thereby. "Material Adverse Effect" with respect to a party shall mean any event, fact, circumstance or occurrence that, individually or in the aggregate with any other events, facts, circumstances or occurrences, results in or would reasonably be expected to result in a material adverse change in or a material adverse effect on (i) the financial condition, assets, liabilities, results of operations, business or operations of such party or its Subsidiaries taken as a whole, or (ii) the ability of such party to consummate the transactions contemplated by the Transaction Documents and to timely perform its obligations hereunder and thereunder, except to the extent that any such material adverse effect results from (a) changes in generally accepted accounting principles that are generally applicable to comparable companies (to the extent not materially disproportionately affecting such party or its Subsidiaries), (b) changes in general economic and market conditions and capital market conditions or changes affecting any of the industries in which such party or its Subsidiaries operate generally (in each case to the extent not materially disproportionately affecting such party or its Subsidiaries), (c) the announcement or disclosure of this Agreement or any other Transaction Document or the consummation of the transactions hereunder or thereunder, or any act or omission required or specifically permitted by this Agreement and/or any other Transaction Document; (d) any pandemic, earthquake, typhoon, tornado or other natural disaster or similar force majeure event, (e) in the case of the Issuer, any failure to meet any internal or public projections, forecasts, or guidance, or (f) in the case of the Issuer, any change in the Issuer's stock price or trading volume, in and of itself; provided, however, that the underlying causes giving rise to or contributing to any such change or failure under sub-clause (e) or (f) shall not be excluded in determining whether a Material Adverse Effect has occurred except to the extent such underlying causes are otherwise excluded pursuant to any of sub-clauses (a) through (d).

(d) **Litigation**. There are no pending or, to the knowledge of the Issuer, threatened material actions, claims, demands, investigations, examinations, indictments, litigations, suits or other criminal, civil or administrative or investigative proceedings before or by any United States or non-United States federal, national, supranational, state, provincial, local or similar government, governmental, regulatory or administrative authority, branch, agency or commission or any court, tribunal, or arbitral or judicial body (including any grand jury) (each, a "Governmental Authority") or by any other person against the Issuer or any of its Subsidiaries or any proceedings that seek to restrain or enjoin the consummation of the transactions under the Transaction Documents, except proceedings that would not reasonably be expected to result in a Material Adverse Effect.

(e) **Valid Issuance of the Notes**. The Notes, when issued and delivered by the Issuer, will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* with all other present and future unconditional and unsubordinated obligations of the Issuer (other than those preferred by applicable law that are mandatory and of general application).

(f) **Conversion Shares and Warrant Shares**. The ADSs (and the Class A Ordinary Shares underlying such ADSs) to be issued upon conversion of the Note ("Conversion Shares") and the ADSs (and the Class A Ordinary Shares underlying such ADSs) to be issued pursuant to the exercise of the Warrant ("Warrant Shares") have been duly and validly authorized for issuance by the Issuer and, when issued and delivered by the Issuer to the Purchaser in accordance with the terms of the Note Documents and Warrants respectively, will be (i) duly and validly issued, fully paid and non-assessable, and rank *pari passu* with, and carry the same rights in all aspects as, the other ADSs then in issue, (ii) entitled to all dividends and other distributions declared, paid or made thereon, and (iii) free and clear of any pledge, mortgage, security interest, encumbrance, lien, charge, assessment, right of first refusal, right of pre-emption, third party right or interest, claim or restriction of any kind or nature, except for restrictions arising under the Securities Act or as disclosed in the Issuer SEC Documents or created by virtue of the transactions under this Agreement (collectively, the "Encumbrances"). Upon entry of the Purchaser into the register of the ADSs as the legal owner of the relevant Conversion Shares and/or Warrant Shares, the Issuer will transfer to the Purchaser good and valid title to such relevant Conversion Shares and/or Warrant Shares respectively, in each case free and clear of any Encumbrances. "Issuer SEC Documents" means all registration statements, proxy statements and other statements, reports, schedules, forms and other documents required to be filed or furnished by the Issuer with the SEC pursuant to the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Securities Act and all exhibits included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein, in each case, filed or furnished with the SEC prior to the date hereof.

(g) **Governmental Consents and Filings.** None of the execution and delivery by the Issuer of this Agreement or any Transaction Document, nor the consummation by the Issuer of any of the transactions contemplated hereby or thereby, nor the performance by the Issuer of this Agreement or other Transaction Documents in accordance with their respective terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the relevant Closing Date and except for any filing or notification required to made with the SEC or NASDAQ regarding the execution of the Transaction Documents, issuance of the Notes, ADSs, the Conversion Shares or the Warrant Shares.

(h) **Full Disclosure.** No SEC Disclosure contains any untrue statement of material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they were made, not misleading in any material respect. SEC Disclosure means the annual report for the fiscal year ended September 30, 2019 on Form 20-F filed with the SEC on February 18, 2020, as amended on February 21, 2020 and current reports on Form 6-K dated March 23, 2020, May 6, 2020, and June 12, 2020 that were furnished with the SEC.

(i) **Compliance with Laws**. The business of the Issuer and its Subsidiaries is not being conducted, and has not been conducted at any time during the three years prior to the date hereof, in violation of any applicable law (including, without limitation, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act 2010 and the PRC anti-bribery laws, in each case as supplemented, amended, re-enacted or replaced from time to time) or government order applicable to the Issuer in any material respect, except such violation that would not reasonably be expected to result in a Material Adverse Effect. Except as disclosed in the Issuer SEC Documents, the Issuer and each of its Subsidiaries have all permits, licenses, authorizations, consents, orders and approvals in material respects (collectively, "Permits") that are required in order to carry on their business as presently conducted. Except as disclosed in the Issuer SEC Documents, all such Permits are in full force and effect and, to the knowledge of the Issuer, no suspension or cancellation of any of them is threatened. The Issuer has complied with the applicable listing and corporate governance rules and regulations of the NASDAQ in all material respects. The Issuer and its Subsidiaries have taken no action designed to, or reasonably likely to have the effect of, delisting the ADSs from the NASDAQ. There are no proceedings pending or, to the Issuer's knowledge, threatened against the Issuer relating to the continued listing of the ADSs on NASDAQ and the Issuer has not received any notification that the SEC or the NASDAQ is contemplating suspending or terminating such listing (or the applicable registration under the Exchange Act related thereto).

(j) **Capitalization.**

(i) The authorized share capital of the Issuer consists of 37,500,000,000 Class A Ordinary Shares, 2,500,000,000 Class B Ordinary Shares, and 10,000,000,000 Preferred Shares, of which 1,065,292,221 Class A Ordinary Shares and 370,718,629 class B ordinary shares of the Issuer are issued and outstanding as of the date hereof. As of the date of this Agreement, 60,389,549 class B ordinary shares are reserved and available for issuance pursuant to the ESOP. Except securities that the Issuer have issued or may issue under the Transaction Documents, 2019 share incentive plan, Stock Options A and Stock Options B of the Issuer as disclosed in the Issuer SEC Documents, the Issuer has no outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Issuer on any matter. All issued and outstanding Class A Ordinary Shares have been duly authorized and validly issued and are fully paid and non-assessable, are free of preemptive rights and were not issued in violation of any preemptive right, resale right, right of first refusal, or similar right and the ADSs issued as of the date of this Agreement have been duly listed and admitted and authorized for trading on the NASDAQ.

(ii) Except as set forth above in this Section, there are no outstanding (A) shares or voting securities of the Issuer, (B) securities of the Issuer convertible into or exchangeable for shares or voting securities of the Issuer or (C) preemptive or other outstanding rights, options, warrants, conversion rights, "phantom" stock rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate the Issuer to issue or sell any shares or other securities of the Issuer or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, any securities of the Issuer, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

(iii) All outstanding shares or other securities or ownership interests in the Subsidiaries are duly authorized, validly issued, fully paid and non-assessable and except as disclosed in the Issuer SEC Documents, all such shares or other securities or ownership interests in any Subsidiary (except for any Subsidiary which is a variable interest entity over which the Issuer or any of its Subsidiaries effects control pursuant to the Control Contracts (as defined below)) are owned, directly or indirectly, by the Issuer free and clear of any Encumbrance.

(k) **SEC Matters**. The Issuer has filed or furnished, as applicable, on a timely basis, all registration statements, proxy statements and other documents required to be filed or furnished by it with the SEC, including the Issuer SEC Documents. None of the Subsidiaries is required to file periodic reports with the SEC pursuant to the Exchange Act. As of their respective effective dates (in the case of the Issuer SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) or as of their respective SEC filing dates (in the case of all other Issuer SEC Documents), or in each case, if amended prior to the date hereof, as of the date of the last such amendment: each of the Issuer SEC Documents complied in all material respects with the applicable requirements of the Securities Act or the Exchange Act and the Sarbanes-Oxley Act of 2002, as amended, and any rules and regulations promulgated thereunder applicable to the Issuer SEC Documents (as the case may be), except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Issuer SEC Documents based upon information relating to any underwriter furnished to the Issuer in writing by such underwriter through representatives expressly for use therein.

(l) **Financial Statements**.

(i) The financial statements (including any related notes) contained in the Issuer SEC Documents, as of their respective effective dates (in the case of the Issuer SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) or as of their respective SEC filing dates (in the case of all other Issuer SEC Documents): (A) complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, (B) were prepared in accordance with U.S. GAAP applied on a consistent basis throughout the periods covered thereby (except (a) as may be otherwise specifically provided in such financial statements or the notes thereto, or (b) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed to summary statements) and (C) fairly present in all material respects the consolidated financial position of the Issuer and the Subsidiaries as of the respective dates thereof and the consolidated results of operations and cash flows of the Issuer and its Subsidiaries for the periods covered thereby (other than as may have corrected or clarified in a subsequent Issuer SEC Document), in each case except as disclosed therein and as permitted under the Exchange Act.

(ii) Neither the Issuer nor any of its Subsidiaries is a party to, nor has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar contract, agreement, arrangement or undertaking (including any contract, agreement, arrangement or undertaking relating to any transaction or relationship between or among one or more of the Issuer and/or any of its Subsidiaries, on the one hand, and any unconsolidated affiliate, as defined in Rule 405 under the Securities Act (the "Affiliate"), including any structured finance, special purpose or limited purpose entity or Person, on the other hand), or any "off-balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K promulgated by the SEC), where the result, purpose or intended effect of such contract, agreement, arrangement or undertaking is to avoid disclosure of any material transaction involving, or material liabilities of, the Issuer or any of the Subsidiaries in the Issuer's or such Subsidiary's published financial statements or other Issuer SEC Documents.

(m) **Internal Control and Procedures**. The Issuer has established and maintains a system of internal control over financial reporting (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act) sufficient to provide reasonable assurance regarding the reliability of financial reporting, including policies and procedures that (A) mandate the maintenance of records that in reasonable detail accurately and fairly reflect the material transactions and dispositions of the assets of the Issuer, (B) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Issuer are being made only in accordance with appropriate authorizations of management and the board of directors of the Issuer and (C) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Issuer. Save as disclosed in the Issuer SEC Documents, there are no material weaknesses or significant deficiencies in the Issuer's internal controls. The Issuer's auditors and the audit committee of the board of directors of the Issuer have not been advised of any fraud, whether or not material, that involves management or other employees who have a significant role in the Issuer's internal controls over financial reporting. Since September 30, 2019, except as disclosed in the Issuer SEC Documents, there has been no change in the Issuer's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting, except for the implementation of certain measures to address the material weaknesses in the Issuer's internal control over financial reporting that has been disclosed in the Issuer SEC Documents.

(n) **No Undisclosed Liabilities**. Except as disclosed in the Issuer SEC Documents, there are no liabilities of the Issuer or any Subsidiary of any kind, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than: (i) liabilities reflected on, reserved against, or disclosed in the Issuer's audited consolidated balance sheet as of September 30, 2019, (ii) liabilities incurred in the ordinary course of business consistent with past practices, (iii) any other undisclosed liabilities that are not material to the Issuer and its Subsidiaries on a consolidated basis, and (iv) any liabilities incurred as a result of the Issuer's performing the transactions contemplated by any Transaction Document. There are no unconsolidated Subsidiaries of the Issuer or any off-balance sheet arrangements of any type (including any off-balance sheet arrangement required to be disclosed pursuant to Item 303(a)(4) of Regulation S-K promulgated under the Securities Act) that have not been so described in the Issuer SEC Documents nor any obligations to enter into any such arrangements.

(o) **Investment Company**. The Issuer is not and, after giving effect to the offering and sale of the Securities, the consummation of the offering and the application of the proceeds hereof, will not be an "investment company," as such term is defined in the U.S. Investment Company Act of 1940, as amended.

(p) **No Registration**. Assuming the accuracy of the representations and warranties set forth in Section 4 of this Agreement, it is not necessary in connection with the issuance and sale of the Securities (and, when issued, the Conversion Shares and the Warrant Shares) to register the Securities (and, when issued, the Conversion Shares and the Warrant Shares) under the Securities Act or to qualify or register them under applicable U.S. state securities laws. No directed selling efforts (as defined in Rule 902 of Regulation S under the Securities Act) have been made by any of the Issuer, any of its Affiliates or any person acting on its behalf with respect to any Securities; and none of such persons has taken any actions that would result in the sale of the Securities to the Purchaser under this Agreement requiring registration under the Securities Act; and the Issuer is a "foreign issuer" (as defined in Regulation S).

(q) **Absence of Changes**. Since September 30, 2019, except as disclosed in the Issuer SEC Documents, the Issuer and its Subsidiaries have conducted their business in the ordinary course of business consistent with past practice and there has not been

(i) any declaration, setting aside or payment of any dividend or other distribution with respect to any securities of the Issuer or any of its Subsidiaries (except for dividends or other distributions by any Subsidiary to the Issuer or to any of the Issuer's wholly owned Subsidiaries);

(ii) any issuances or sales of shares of capital stock or other securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, any securities of the Issuer or any of its Subsidiaries or any redemption, share splits, reclassifications, share dividends, share combinations or other recapitalizations of any such securities other than pursuant to any employee benefit plan effective as at the date of this Agreement;

(iii) any amendment to the constitutional documents of the Issuer;

(iv) any redemption or repurchase of any equity securities of the Issuer; or

(v) any entry into any contract, agreement, instrument or other document in respect of any of the foregoing.

(r) **Contracts**. The Issuer has filed as exhibits to the Issuer SEC Documents all contracts, agreements and instruments (including all amendments thereto) to which the Issuer or any of its Subsidiaries is a party or by which it is bound and which is material to the business of the Issuer and its Subsidiaries, taken as a whole, and are required to be filed as an exhibit to the Issuer SEC Documents pursuant to Item 601(b)(4) or Item 601(b)(10) of Regulation S-K promulgated by the SEC (the "Material Contracts"). Each Material Contract is in full force and effect and, to the knowledge of the Issuer, enforceable against the counterparties of the Issuer or the Subsidiaries party thereto, except for the contracts and agreements that have already expired pursuant to the terms therein (which for the avoidance of doubt excludes those contracts or agreements that had been terminated by the other party thereto for cause) or amendments thereto. The Issuer and its Subsidiaries and, to the knowledge of the Issuer, each other party thereto, are not in default under, or in breach or violation of, any Material Contract, in all material respects. To the Issuer's knowledge, no event, fact or circumstance has occurred that will have or is reasonably expected to have a material adverse impact on the renewal or extension of any Material Contract.

(s) **Intellectual Property**. All registered or unregistered, (i) patent rights (including any divisions, continuations, continuations-in-part, reissues, reexaminations and interferences thereof); (ii) trademarks, trade names, brand names, logos and corporate names and all goodwill related thereto; (iii) copyrights; (iv) trade secrets, know-how, inventions, processes, procedures, databases, confidential business information and other proprietary information and rights; (v) computer software programs, including all source code, object code, specifications, designs and documentation related thereto; and (vi) domain names, Internet addresses and other computer identifiers, in each case that is material to the business of the Issuer or any of its Subsidiaries as currently being conducted (the "Intellectual Property") is either (a) owned by the Issuer or one or more of its Subsidiaries or (b) is used by the Issuer or one or more of its Subsidiaries pursuant to a valid license. To the knowledge of the Issuer, there are no material infringements or other material violations of any Intellectual Property owned by the Issuer or any of its Subsidiaries by any third party. The Issuer and its Subsidiaries have taken all necessary actions to maintain and protect each item of Intellectual Property. The conduct of the business of the Issuer and its Subsidiaries does not infringe or otherwise violate any intellectual property or other proprietary rights of any other person in material respects, and there is no action pending or, to the knowledge of the Issuer, threatened alleging any such infringement or violation or challenging the Issuer's or any of its Subsidiaries' rights in or to any Intellectual Property which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(t) **Employment Matters.**

(i) Neither the Issuer nor any of its Significant Subsidiaries is a party to or bound by any collective bargaining agreement or other labor union contract applicable to persons employed by the Issuer or any of its Significant Subsidiaries. There are no unfair labor practice complaints pending, or to the knowledge of the Issuer, threatened, against the Issuer or any of its Significant Subsidiaries before any Governmental Authority. Except as disclosed in the Issuer SEC Documents, each of the Issuer and its Subsidiaries complies with all applicable laws relating to employment and employment practices (including without limitation, terms and conditions of employment, termination of employment, mandatory severance benefits, pension programs, social insurance programs, employee health and safety, equal employment, employment of veterans and the handicapped, and prohibition of discrimination) in all material aspects. There is no material claim with respect to payment of wages, salary, overtime pay, withholding individual income taxes, social security fund or housing fund that has been asserted and is now pending or, to the knowledge of the Issuer, threatened before any Governmental Authority with respect to any persons currently or formerly employed by the Issuer or any of its Significant Subsidiaries.

(ii) Each employee benefit plan is in compliance in all material respects with its terms and the requirements of all applicable laws. All employer and employee contributions to any employee benefit plan required by the terms of such employee benefit plan or by the applicable laws have been made, or, if applicable, accrued in accordance with normal accounting practices and in compliance in all material respects with its terms and the requirements of all applicable laws.

(u) **Tax Status**. Except as disclosed in the Issuer SEC Documents, the Issuer and each of its Subsidiaries (i) has made or filed in the appropriate jurisdictions all material foreign, federal and state income and all other tax returns required to be filed or maintained in connection with the calculation, determination, assessment or collection of any and all federal, state, local, foreign and other taxes, levies, fees, imposts, duties, governmental fees and charges of whatever kind (including any interest, penalties or additions to the tax imposed in connection therewith or with respect thereto) (each a "Tax"), including all amended returns required as a result of examination adjustments made by any Governmental Authority responsible for the imposition of any Tax (collectively, the "Returns"), and such Returns are true, correct and complete in all material respects, and (ii) has paid all material Taxes and other governmental assessments and charges shown or determined to be due on such Returns, except those being contested or will be contested in good faith. Except as disclosed in the Issuer SEC Documents, neither the Issuer nor any of its Subsidiaries has received notice regarding unpaid foreign, federal and state income in any amount or any Taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the Issuer is not aware of any reasonable basis for such claim. No Returns filed by or on behalf of the Issuer or any of its Subsidiaries with respect to material Taxes are currently being audited, and neither the Issuer nor any of its Subsidiaries has received notice of any such audit.

(v) **Tax Election**. No Tax elections under the income tax laws of the United States have been made with respect to the Issuer or any of its Subsidiaries. None of the Issuer or any of its Subsidiaries is, or is at risk of being or becoming, classified as a "passive foreign investment company" or a "controlled foreign corporation" for United States federal income tax purposes.

(w) **Solvency**. Both before and after giving effect to the transactions contemplated by this Agreement and other Transaction Documents, each of the Issuer and its Subsidiaries (i) will be solvent (in that both the fair value of its assets will not be less than the sum of its debts and that the present fair saleable value of its assets will not be less than the amount required to pay its probable liability on its recourse debts as they mature or become due) and (ii) will have adequate capital and liquidity with which to engage in the their businesses as currently conducted and as described in the Issuer SEC Documents.

(x) **Variable Interest Entities**. The Issuer controls its variable interest entity, Shanghai Qingke E-commerce Co., Ltd, through a series of contractual arrangements ("Control Contracts"), and there is no enforceable agreement or understanding to rescind, amend or change the nature of such captive structure or the terms of the Control Contracts.

(y) **Environment**. Except as disclosed in the Issuer SEC Documents, each of the Issuer and its Subsidiaries (i) has at all times complied and are presently in compliance with all applicable environmental laws in the PRC in all material respects; (ii) has not received any notice, demand, claim, letter or request for information, relating to any alleged violation of Environmental Law, or otherwise identifies an environmental concern, health and safety concern or any other concern relating to the security and protection of people, property, flora and fauna relating thereto; (iii) possesses all approvals, consents or authorizations required under Environmental Laws for its business as presently conducted and there are no circumstances that could reasonably be expected to result in any such approvals, consents or authorizations being revoked, terminated, revised, amended or not renewed in the ordinary course of its business. There has been no incident of any occupational disease incurred by any employees of the Issuer or any of its Subsidiaries due to harmful factors present in their working environment or the nature of their work, and there are no other circumstances or conditions.

For the purpose of this Agreement, the Issuer and its Subsidiaries are collectively referred to as the "Group Companies" and each a "Group Company"; "Subsidiary" means, with respect to any given Person, any Person of which the given Person, directly or indirectly, Controls, including but not limited through the ownership of more than 50% of the issued and outstanding share capital, voting interests or registered capital and, for the avoidance of doubt, "Subsidiaries" includes any variable interest entity over which the Issuer or any of its Subsidiaries effects control pursuant to contractual arrangements and which is consolidated with the Issuer in accordance with general accepted accounting principles applicable to the Issuer and any Subsidiaries of such variable interest entity; "Significant Subsidiary" means a Subsidiary of the Issuer that meets the definition of "significant subsidiary" in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act; "Person" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person; and "Controls" means the possession, direct or indirect, of the power or authority to direct, or cause the direction of, the management and policies of a Person, whether through the ownership of voting securities, by Contract or otherwise; for the avoidance of doubt, such power or authority shall conclusively be presumed to exist by possession of (i) the beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person, or (ii) the power to appoint or elect a majority of the members of the board of directors of such Person.

4. **Representations and Warranties of the Purchaser.** The Purchaser hereby represents and warrants to the Issuer that:

(a) **Authorization**. It has full power and authority to enter into this Agreement. This Agreement, when executed and delivered by the Purchaser, will constitute a valid and legally binding obligation of the Purchaser, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of a specific performance, injunctive relief, or other equitable remedies.

(b) **Purchase Entirely for Own Account.** The Purchaser is acquiring the Securities and the Warrants pursuant to this Agreement for investment for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof in a manner that would violate the registration requirements of the Securities Act.

(c) **Legend**. The Purchaser understands that the certificate representing the Notes will bear a legend to the following effect:

"THIS NOTE AND THE SECURITIES REPRESENTED HEREBY WERE ISSUED IN AN OFFSHORE TRANSACTION TO PERSONS WHO WERE NOT U.S. PERSONS AND WERE NOT PURCHASING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS PURSUANT TO REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). ACCORDINGLY, THIS NOTE AND THE SECURITIES REPRESENTED HEREBY (INCLUDING AMERICAN DEPOSITARY SHARES OR ORDINARY SHARES ISSUABLE UPON CONVERSION HEREOF) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR UNDER ANY OTHER SECURITIES LAWS. THIS NOTE AND THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS. PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THIS SECURITY AND THE CLOSING DATE (THE "DISTRIBUTION COMPLIANCE PERIOD"), THE NOTE AND THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT

(1) TO THE COMPANY OR ANY SUBSIDIARY THEREOF;

(2) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT;

(3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OF THE COMPANY THAT COVERS THE RESALE OF THE NOTE OR SECURITIES REPRESENTED HEREBY; OR

(4) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. EACH HOLDER, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS THAT (A) IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS AND (B) IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT."

(d) **Private Placement**. The Purchaser understands that (a) the Notes and the Warrants have not been registered under the Securities Act or any state securities laws, by reason of its issuance by the Issuer in a transaction exempt from the registration requirements thereof and (b) the Notes and the Warrants may not be sold unless such disposition is registered under the Securities Act and applicable state securities laws or is exempt from registration thereunder.

(e) **Regulation S**. The Purchaser is not a "U.S. person" as defined in Rule 902 of Regulation S.

(f) **Offshore Transaction**. The Purchaser has been advised and acknowledges that in issuing the Notes and the Warrants to the Purchaser pursuant hereto, the Issuer is relying upon the exemption from registration provided by Regulation S. The Purchaser is acquiring the Notes and the Warrants in an offshore transaction in reliance upon the exemption from registration provided by Regulation S.

(g) **Non-affiliate.** The Purchaser is not an "affiliate" of the Issuer as such term is defined in Rule 405 under the Securities Act.

(h) **Information**. To the extent deemed appropriate by the Purchaser, the Purchaser has consulted with its own advisers as to the financial, tax, legal and related matters concerning an investment in the Notes and the Warrants.

5. **Conditions of the Purchaser's Obligations at Closing.** The obligations of the Purchaser to purchase each Note under this Agreement are subject to the fulfillment, on or before the corresponding Closing, of each of the following conditions, unless otherwise waived in writing by the Purchaser:

(a) **Representations and Warranties**. The representations and warranties of the Issuer contained in Section 3 hereof shall be true, correct and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing.

(b) **Qualifications**. All authorizations, approvals or permits, if any, of any federal or state governmental authority or regulatory body or of any other person that are required in connection with the lawful issuance and sale of the Note pursuant to this Agreement shall be obtained and effective as of the Closing.

(c) The Issuer shall have performed and complied with all, and not be in breach or default in under any agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date in all material aspects.

(d) There shall have been no Material Adverse Effect with respect to the Issuer.

(e) All corporate and other actions required to be taken by the Issuer in connection with the issuance and sale of the Securities and the Issuer's execution, delivery and performance of this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby shall have been completed.

(f) The Purchaser shall have received an opinion, dated the Initial Closing Date, of Conyers Dill & Pearman, Cayman counsel to the Issuer, in form and substance reasonably satisfactory to the Purchaser.

(g) The Purchaser shall have received lock-up letters substantially in the form attached hereto as Exhibit C signed by CHENGBOHAN INC., CP QK Singapore Pte Ltd., Foresight (International) Investment (Consulting) Co., Ltd, FORTUNEVC SH Holding INC., FORTUNEVC XM Holding INC., NEWSION ONE INC., NEWSION TWO INC., North Haven Private Equity Asia Harbor Company Limited, and XIAOBING Holding INC., YOUZHEN INC. and a lock-up agreement substantially in the form attached hereto as Exhibit E signed by SAIF IV Consumer (BVI) Limited.

(h) The Issuer shall have duly executed and delivered each Transaction Document to which it is a party to the Purchaser at or prior to Closing.

The Purchaser shall have received a certificate signed by a director or officer of the Issuer confirming the satisfaction of this Section 5.

6. **Conditions of the Issuer' Obligations at the Closing.** The obligations of the Issuer to the Purchaser under this Agreement are subject to the fulfillment, on or before the Closing, as applicable, of each of the following conditions, unless otherwise waived in writing by the Issuer:

(a) **Representations and Warranties**. The representations and warranties of the Purchaser contained in Section 4 shall be true, correct and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

(b) **Qualifications**. All authorizations, approvals or permits, if any, of any federal or state governmental authority or regulatory body that are required in connection with the lawful issuance and sale of the Note pursuant to this Agreement shall be obtained and effective as of the Closing.

(c) The Purchaser shall have performed and complied with all, and not be in breach or default in under any agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date in all material aspects.

7. **Covenants.**

(a) Conduct of Business of the Issuer. From the date hereof until the Initial Closing Date:

(i) the Issuer shall, and the Issuer shall cause each of its Subsidiaries to (i) conduct its business and operations in the ordinary course of business consistent with past practice, and (ii) not take any action, or omit to take any action, that would reasonably be expected to make any of its representations and warranties in this Agreement untrue at, or as of any time before, the Initial Closing Date;

(ii) the Issuer shall (i) take all commercially reasonable actions necessary to continue the listing and trading of its ADSs on the NASDAQ and shall comply with the Issuer's reporting, filing and other obligations under the rules of the NASDAQ, and (ii) file with the NASDAQ a supplemental listing application in respect of the Conversion Shares and the Warrant Shares, when issued and delivered in the manner contemplated by the Initial Notes and the Warrants respectively; and

(iii) the Issuer shall promptly notify the Purchaser of any event, condition or circumstance occurring prior to the Initial Closing Date that would constitute a breach of any terms and conditions contained in this Agreement.

(b) FPI Status. Without limiting the generality of the foregoing, the Issuer shall promptly after the date hereof and reasonably prior to the Initial Closing Date take all necessary or desirable actions required to duly and validly rely on the exemption for foreign private issuers from applicable rules and regulations of the NASDAQ with respect to corporate governance to rely on "home country practice" in connection with the transactions contemplated hereunder (including an exemption from any NASDAQ rules that would otherwise require seeking shareholder approval in respect of such transactions), including without limitation, to the extent necessary, making disclosures, notices and filings to or with the SEC and NASDAQ and obtaining an adequate opinion of counsel in respect of the home country practice exemption. The Issuer will use commercially reasonable efforts to continue the listing and trading of its ADSs on NASDAQ and, in accordance, therewith, will use commercially reasonable efforts to comply in all respects with the Issuer's reporting, filing and other obligations under the bylaws or rules of such market or exchange, as applicable.

(c) Further Assurances. From the date of this Agreement until the Initial Closing Date, the Parties shall each use their respective reasonable best efforts to fulfill or obtain the fulfillment of the conditions precedent to the consummation of the transactions contemplated hereby and by the Transaction Documents.

(d) No Contract. Without limiting the generality of the foregoing, the Issuer agrees that from the date hereof until the Initial Closing Date, it shall not make (or otherwise enter into any contract with respect to) (x) any material change in any method of accounting or accounting practice by the Issuer or any of its Subsidiaries; (y) any declaration, setting aside or payment of any dividend or other distribution with respect to any securities of the Issuer or any of its Subsidiaries (except for dividends or other distributions by any Subsidiary to the Issuer or to any of the Issuer's Subsidiaries) or (z) any redemption, repurchase or other acquisition of any share capital of the Issuer or any of its Subsidiaries, except in each case for the avoidance of doubt as contemplated by the Transaction Documents.

(e) Reservation of Shares. The Issuer shall ensure that it has sufficient number of duly authorized Class A Ordinary Shares to comply with its obligations to issue the Conversion Shares and Warrant Shares pursuant to the Note Documents and the Warrants respectively.

(f) Use of Proceeds. Unless otherwise approved by the Purchaser, the Issuer shall use the proceeds from the issuance of the Initial Note solely for the Issuer's acquisition to acquire lease contracts with landlords and tenants and related fixtures and equipment from a rental service company and the proceeds from the issuance of each Subsequent Note in relation to an approved acquisition solely for the relevant acquisitions approved by the Purchaser in its sole discretion.

8. **Registration Rights**. The Purchaser or the Holder, as applicable, shall have such registration rights as set forth in Exhibit D.

9. **Indemnification**.

(a) Subject to the other provisions of this Section 9, the Issuer (the "Indemnifying Party") shall, to the extent permitted by applicable law, indemnify, defend and hold harmless the Purchaser, its Affiliates, and its and its Affiliates' members, partners, managers, directors, officers, employees, advisors and agents (each, an "Indemnified Party") from and against any and all losses, liabilities, damages, claims, proceedings, costs and expenses (including reasonable attorney's fees in connection with any investigation or defense of a claim indemnifiable under this Section 9) (collectively, "Losses") resulting from or arising out of: (i) any breach or violation of, or inaccuracy in, any representation or warranty respectively made by the Indemnifying Party under this Agreement; or (ii) any breach or violation of, or failure to perform, any covenants or agreements respectively made by or on behalf of, or to be performed by, the Indemnifying Party under this Agreement.

(b) The Indemnifying Party shall not be liable for any Loss consisting of punitive damages (except to the extent that such punitive damages are awarded to a third party against an Indemnified Party in connection with a third party claim).

(c) The maximum aggregate amount of Losses that the Indemnified Parties will be entitled to recover pursuant to Section 9(a)(i) shall be limited to 100% of the principal amount of the Notes subject to the claim. Notwithstanding the foregoing or anything else to the contrary contained herein, the limitations on indemnification set forth in this Agreement (including, without limitation, the limitations set forth in this Section 9) shall not apply to any claim based on fraud, willful misrepresentation or willful misconduct of the Indemnifying Party or its Subsidiaries or Affiliates.

(d) An Indemnified Party shall not be entitled to recover from the Indemnifying Party under this Agreement more than once in respect of the same Losses suffered.

(e) In the event any Indemnified Party should have a claim against the Indemnifying Party hereunder, the Indemnified Party shall promptly transmit to the Indemnifying Party a written notice (the "Indemnity Notice") describing in reasonable detail the nature of the claim, the Indemnified Party's good faith estimate of the amount of Losses attributable to such claim and the basis of the Indemnified Party's request for indemnification under this Agreement; provided, that no failure, delay or deficiency in providing such notice shall constitute a waiver or otherwise modify the Indemnified Party's right to indemnity hereunder, except to the extent that the Indemnifying Party shall have been materially prejudiced by such failure, delay or deficiency. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from its receipt of the Indemnity Notice that the Indemnifying Party disputes such claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim.

10. **Confidentiality**. The parties acknowledge that any oral or written information exchanged among them with respect to this Agreement and implementation thereof is confidential information. The parties shall maintain the confidentiality of all such information, and without the written consent of other party, no party shall disclose any relevant information to any third party, except in the following circumstances: (i) such information is in the public domain (provided that this is not the result of a public disclosure by the receiving party in violation of its confidentiality obligation hereunder); (ii) information disclosed as required by applicable laws or rules or regulations of any stock exchange or regulator; or (iii) information required to be disclosed by any party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this section. Disclosure of any confidential information by the staff members or agency hired by any party shall be deemed disclosure of such confidential information by such party, which party shall be held liable for breach of this Agreement. This Section 10 shall survive the termination of this Agreement for any reason.

11. **Termination**.

(a) This Agreement shall automatically terminate as between the Issuer and the Purchaser upon the earliest to occur of:

(i) the written consent of each of the Issuer and the Purchaser;

(ii) the delivery of written notice to terminate by either the Issuer or the Purchaser if Initial Closing Date shall not have occurred within 3 months after the date of this Agreement; provided, however, that such right to terminate this Agreement under this Section 11(a)(ii) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the principal cause of, or shall have resulted in, the failure of the Initial Closing Date to occur on or prior to such date; or

(iii) by the Issuer or the Purchaser in the event that any Governmental Authority shall have issued a judgment or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by the Transaction Documents and such judgment or other action shall have become final and non-appealable.

(b) Upon the termination of this Agreement, this Agreement will have no further force or effect, except for the provisions of Section 10, Section 12(b), Section 12(c) and Section 12(f) hereof, which shall survive any termination under this Section 11; provided, that neither the Issuer nor the Purchaser shall be relieved or released from any liabilities or damages arising out of (i) fraud or (ii) any breach of this Agreement prior to such termination.

12. **Miscellaneous**.

(a) **Successors and Assigns**. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) **Governing Law**. Governing Law. This note will be governed by and construed in accordance with the laws of the State of New York without regard to any conflicts of laws, provisions thereof that would otherwise require the application of the law of any other jurisdiction.

(c) **Jurisdiction**. The parties irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York, over any suit, action, or proceeding arising out of or relating to this Agreement, Note or the Warrant. The parties irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding brought in such a court and any claim that suit, action, or proceeding has been brought in an inconvenient forum. The parties agree that the service of process upon it mailed by certified or registered mail (and service so made shall be deemed complete three Business Days after the same has been posted as aforesaid) or by personal service shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Nothing herein shall affect the other party's right to serve process in any other manner permitted by law. The parties agree that a final non-appealable judgement in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

(d) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(e) **Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(f) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed duly given, made or received (i) on the date of delivery if delivered in person, (ii) on the date of confirmation of receipt of transmission by facsimile or other form of electronic delivery (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or (iii) three Business Days after deposit with an internationally recognized express courier service to the respective parties hereto at such party's address or facsimile number as set forth on the signature page below or as subsequently modified by written notice.

(g) **Amendments and Waivers.** Any term of this Agreement may be amended or waived only with the written consent of each party hereto. Any amendment or waiver effected in accordance with this Section 12(g) shall be binding upon the Purchaser and each transferee of the Securities, each future holder of all such Securities, and the Issuer.

(h) **Severability.** If one or more provisions of this Agreement are held to be invalid, illegal or unenforceable under applicable law, the parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each party as close as possible to that under the provision rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

(i) **Entire Agreement.** This Agreement, the Note and the Warrants constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto are expressly canceled.

[Remainder of this page is intentionally left blank]

The parties have executed this Agreement as of the date first written above.

ISSUER:

Q&K International Group Limited

By: /s/ Zhichen Sun
Name: Zhichen Sun
Title: Chief Financial Officer

Attention: ZHICHEN SUN
Address: Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China
Telephone: +13671838929
E-mail: frank@qk365.com

The party have executed this Agreement as of the date first written above.

PURCHASER:

Key Space (S) Pte Ltd

By: /s/ Lawrence Lim
Name: Lawrence Lim
Title: Director

Attention: Lawrence Lim
Address: 1 Temasek Avenue #20-01
Millenia Tower Singapore 039192
Telephone: +65 6511 3088
Facsimile: +65 6223 5992
E-mail: llim@cgcm.com

EXHIBIT A

FORM OF CONVERTIBLE NOTE

THIS NOTE AND THE SECURITIES REPRESENTED HEREBY WERE ISSUED IN AN OFFSHORE TRANSACTION TO PERSONS WHO WERE NOT U.S. PERSONS AND WERE NOT PURCHASING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS PURSUANT TO REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). ACCORDINGLY, THIS NOTE AND THE SECURITIES REPRESENTED HEREBY (INCLUDING AMERICAN DEPOSITARY SHARES OR ORDINARY SHARES ISSUABLE UPON CONVERSION HEREOF) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR UNDER ANY OTHER SECURITIES LAWS. THIS NOTE AND THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS. PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THIS SECURITY AND THE CLOSING DATE (THE "DISTRIBUTION COMPLIANCE PERIOD"), THIS NOTE AND THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT

(1) TO THE COMPANY OR ANY SUBSIDIARY THEREOF;

(2) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT;

(3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OF THE COMPANY THAT COVERS THE RESALE OF THIS NOTE OR SECURITIES REPRESENTED HEREBY; OR

(4) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. EACH HOLDER, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS THAT (A) IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS AND (B) IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

CONVERTIBLE NOTE

US$[*insert principal amount*] [*insert month/date/year*]

For value received, Q&K International Group Limited, a company incorporated under the laws of the Cayman Islands and listed on NASDAQ under ticker symbol of QK (the "Issuer"), promises to pay to Key Space (S) Pte Ltd. or its permitted transferee (the "Holder"), the principal amount of US$[*insert principal amount*], unless the outstanding principal amount is settled in accordance with Section 3, on the Maturity Date (as defined below). This Note is issued pursuant to that certain Convertible Notes and Warrant Purchase Agreement dated July 22, 2020 between the Issuer and the Holder (the "Purchase Agreement"). Unless otherwise explicitly provided herein, the capitalized terms in this Note shall have the same meaning as ascribed in the Purchase Agreement. This Note is subject to the following terms and conditions, and to which the Holder hereof, by the acceptance of this Note, agrees:

1. **Priority**. The Note ranks senior in right of payment to any of the Issuer's future indebtedness that is expressly subordinated in right of payment to this Note, constitutes direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* with all other present and future unconditional and unsubordinated obligations of the Issuer (other than those preferred by applicable law that are mandatory and of general application), junior in right of payment to any of the Issuer's secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally junior to all future indebtedness incurred by the Issuer's Subsidiaries and their other liabilities (including trade payables).

2. **Maturity**. The maturity date of this Note shall be [*insert date that is 4 years from the issue date of this Note*] (the "Maturity Date"). Unless converted as provided in Section 3, the outstanding principal amount of this Note and any accrued but unpaid interest under this Note (including any accrued and unpaid interest on the Defaulted Amounts, if any) shall be due and payable upon the earliest to occur of the following: (a) the Maturity Date or (b) pursuant to Section 7.

3. Conversion.

(a) **Optional Conversion**. Subject to the terms of this Note, the Holder at any time on or after the 41st day after the issue date of this Note and prior to the Maturity Date, at its option, may convert in whole but not in part the entire outstanding principal amount and the Applicable Share Interest (as defined below) of this Note into the Issuer's American Depositary Shares (the "ADSs", each ADS represents 30 Class A Ordinary Shares of the Issuer) (the "Conversion") upon the delivery of a conversion notice to the Issuer (the "Conversion Notice", and such date of delivery, the "Conversion Date"). The number of the ADSs to be issued upon such Conversion shall be equal to the quotient obtained by dividing (i) the entire principal amount and the Applicable Share Interest of this Note as of the Conversion Date by (ii) the conversion price (the "Conversion Price"), which subject to adjustment pursuant to Section 8 of this Note, shall be *(i) US$ [insert the price calculated as one hundred and twenty percent (120)% of the 30-Trading Day VWAP as of the issue date of the Initial Note] per ADS*, or (ii) if the Issuer completes an ADS offering of at least US$50 million within eighteen (18) months after the issue date of this Note (the "ADS Offering"), eighty percent (80)% of the issue price per ADS in such ADS Offering, such adjusted conversion price shall be effective on the day immediately succeeding the closing date of the ADS Offering.

"30-Trading Day VWAP" means the VWAP of the ADSs over the 30 Trading Day-period including the Trading Day immediately preceding the relevant date.

"Last Reported Sale Price" of the ADSs on any date means the closing sale price per ADS (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the NASDAQ (or the principal U.S. national or regional securities exchange on which the ADSs are traded). If the ADSs are not listed for trading on a U.S. national or regional securities exchange on the relevant date, the "Last Reported Sale Price" will be the last quoted bid price for the ADSs in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization. If the ADSs are not so quoted, the "Last Reported Sale Price" will be the average of the midpoint of the last bid and ask prices for the ADSs on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Issuer for this purpose.

"Ordinary Shares" means class A ordinary shares of the Issuer, par value US$0.00001 per ordinary share, as of the date of this Note,

"Trading Day" means a day on which (a) trading in the ADSs (or other Issuer security for which a closing sale price must be determined) generally occurs on the NASDAQ or, if the ADSs (or such other security) are not then listed on the NASDAQ, on the principal other U.S. national or regional securities exchange on which the ADSs (or such other security) are then listed or, if the ADSs (or such other security) are not then listed on a U.S. national or regional securities exchange, on the principal other market on which the ADSs (or such other security) are then traded and (b) a Last Reported Sale Price for the ADSs (or closing sale price for such other security) is available on such securities exchange or market; provided that if the ADSs (or such other security) are not so listed or traded.

"VWAP" means the volume weighted average prices of the Ordinary Shares or ADSs, as the case may be, on the relevant Trading Day or the relevant Trading Day-period quoted on Bloomberg under the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s) where implemented, from 9:30 to 16:00, New York City time or, if unavailable on Bloomberg, from such other source as will be determined appropriate by a leading investment bank of international repute. Adjustments to the VWAP will be made to reflect the occurrence of any of the adjustment events described in Section 8, to the extent such events are not reflected in the VWAP as reported by the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s). For the avoidance of doubt, if the adjustment event(s) described in Section 8 is reflected in the VWAP as reported by the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s), then the adjustment formula provided in Section 8 for such adjustment event(s) will not apply.

(b) **Mandatory Conversion**. The Issuer may at its option, upon the delivery of a mandatory conversion notice to the Holder (the "Mandatory Conversion Notice", and such date of delivery, the "Mandatory Conversion Date"), require the Holder to convert all the outstanding principal amount and all the accrued but unpaid Applicable Share Interest as of the Mandatory Conversion Date into the ADSs at the applicable Conversion Price under Section 3(a), in the event that: (i) the Last Reported Sale Price of the ADS of the Issuer is no less than US$22.00 per ADS, subject to adjustment pursuant to Section 8 of this Note, for more than sixty (60) consecutive Trading Days and (ii) the average daily trading volume during such sixty (60) consecutive Trading Days is more than US$15 million per Trading Day.

(c) **Mechanics and Effect of Conversion.** No fractional ADSs of the Issuer will be issued upon Conversion of this Note. In lieu of any fractional ADS to which the Holder would otherwise be entitled, the Issuer will pay to the Holder in cash the amount of the unconverted principal or on this Note that would otherwise be converted into such fractional ADSs. Upon Conversion of this Note pursuant to this Section 3, the Holder shall surrender this Note, duly endorsed, at the principal offices of the Issuer or any transfer agent of the Issuer. At its expense, the Issuer will, as soon as practicable thereafter, issue and deliver to the Holder a certificate or certificates for the number of ADSs to which the Holder is entitled upon such Conversion, together with any check payable to the Holder for any cash amounts payable as described herein. Upon Conversion or repayment of this Note, the Issuer will be forever released from all of its obligations and liabilities under this Note and the Purchase Agreement with regard to the principal amount and accrued interest being converted or repaid including without limitation the obligation to pay the principal amount and accrued interest. The Holder hereby agrees to execute and deliver documents or information that may be required by applicable law, regulation or depositary procedures relating to the purchase, sale or delivery of the ADSs.

(d) Notwithstanding the foregoing, if a Conversion Date or transfer in respect of this Note would otherwise fall during a period in which the register of ADSs of the depositary is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the ADSs (a "Book Closure Period"), such Conversion Date or transfer date will be postponed to the first Trading Day following the expiry of such Book Closure Period.

(e) For the avoidance of doubt, the Holder hereby acknowledges and agrees that it has not been conferred with any of the rights of a shareholder of the Issuer, including the right to vote as such, by any of the provisions hereof or any right (a) to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, (b) to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of shares, reclassification of shares, change of par value, or change of shares to no par value, consolidation, merger, scheme of arrangement, conveyance, or otherwise), (c) to receive notice of meetings or to receive in-kind dividends or subscription rights or otherwise, and that it will have no such rights until this Note will have been converted in whole and all ADSs issuable upon the whole conversion hereof will have been issued, as provided for in this Note.

4. **Interest.**

(a) **Interest; Payment and Accrual**. Interest shall accrue from and including the issue date of this Note on the outstanding principal amount at the rate of [*insert* [15.0% per annum] *for Series 1 Notes*] [*insert* [17.0% per annum] *for Series 2 Notes*] (the "Interest"), of which

(i) [*insert* [7.5% per annum] *for Series 1 Notes*] [*insert* [3.5% per annum] *for Series 2 Notes*] shall be payable in cash (the "Cash Interest") annually in arrears on [*insert month and day of the issue date of this Notes*] of each year (each a "Cash Interest Payment Date**"**). The first Cash Interest payment on this Note will be in respect of interest that accrues from (and including) [*insert issue date of this Note*] to (but excluding) [*insert first anniversary date of this Note*]. This Note will cease to bear Cash Interest (a) where the conversion right attached to this Note shall have been exercised by a Holder, from and including the Cash Interest Payment Date immediately preceding the relevant Conversion Date or Mandatory Conversion Date as the case may be, or if none, the issue date of this Note or (b) on Maturity Date if there is no conversion. If interest is required to be calculated for a period of less than a complete Cash Interest Period (as defined below), the amount of interest payable for any period shall be equal to the product of [*insert* [7.5% per annum] *for Series 1 Notes*] [*insert* [3.5% per annum] *for Series 2 Notes*] of the outstanding principal amount as of the Cash Interest Payment Date and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed. The period beginning on and including the issue date of this Note and ending on but excluding the first Cash Interest Payment Date and each successive period beginning on and including a Cash Interest Payment Date and ending on but excluding the next succeeding Cash Interest Payment Date is called a "Cash Interest Period"; and

(ii) [*insert* [7.5% per annum] *for Series 1 Notes*] [*insert* [13.5% per annum] *for Series 2 Notes*] (the "Applicable Share Interest") shall be payable in cash on the Maturity Date or, if this Note is converted prior to Maturity Date, by delivery of Conversion ADS pursuant to Section 3 on the Conversion Date or Mandatory Conversion Date, as applicable (each a "Share Interest Payment Date"). The Applicable Share Interest shall be in respect of interest that accrues from (and including) [*insert issue date of this Note]* to (but excluding) the Share Interest Payment Date. This Note will cease to bear Applicable Share Interest (a) on the relevant Conversion Date or Mandatory Conversion Date as the case may be where the conversion right attached to this Note shall have been exercised by a Holder or (b) on Maturity Date if there is no conversion of this Note. If interest is required to be calculated for a period of less than a complete Share Interest Period (as defined below), the amount of interest payable for any period shall be equal to the product of [*insert* [7.5% per annum] *for Series 1 Notes*] [*insert* [13.5% per annum] *for Series 2 Notes*]of the outstanding principal amount as of the Share Interest Payment Date and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed. The period beginning on and including the issue date of this Note and ending on but excluding the Share Interest Payment Date is called a "Share Interest Period".

5. **Payment; Prepayment.** Any outstanding principal amount and any accrued but unpaid interest on this Note that are payable in cash pursuant to this Note, all other cash payments shall be made in lawful money of the United States of America by check sent to the address or by wire transfer for the account of the Holder as the Holder may designate from time to time and notify in writing to the Issuer at least three Business Days prior to each payment date. If any such payment date falls on a day that is not a Business Day, the required payment will be made on the next succeeding Business Day and no interest on such payment will accrue in respect of the delay. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal amount. Notwithstanding anything to the contrary, voluntary prepayment of this Note may not be made without the prior written consent of the Holder. For the avoidance of doubt, any payments made pursuant to Section 3 shall not be considered a prepayment.

6. **Transfer; Successors and Assigns.** The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. This Note may be transferred to a permitted transferee by the Holder upon surrender of the original Note for registration of transfer, duly endorsed, and accompanied by a duly executed written instrument of transfer, provided any transfer of this Note may only be made in minimum denomination of US$1,000,000 and integral multiples of US$1,000 in excess thereof . Thereupon, a new note for the outstanding principal amount will be issued to, and registered in the name of, the permitted transferee. Any interest, principal amount, ADSs or any other amounts payable under this Note is payable only to the Holder of this Note registered in the records of the Issuer.

7. **Events of Default.**

(a) For purpose of this Note, each of the following events shall be an "Event of Default" hereunder:

(i) Failure to Pay Principal. The Issuer defaults in the payment of principal of this Note when due and payable on the Maturity Date upon declaration of acceleration or otherwise;

(ii) Failure to Pay Interest. The Issuer defaults in the payment of Cash Interest when any such interest payment becomes due and payable and the default continues for a period of thirty (30) days;

(iii) Breach of Conversion Obligation. The Issuer fails to comply with its obligation to issue the ADSs in accordance with Section 3 upon Holder's exercise of its conversion rights and such failure continues for a period of ten (10) Business Days;

(iv) Breach of Section 9. The Issuer fails to comply with its repurchase obligations under Section 9 and such failure has not been fully and completely remedied within thirty (30) days;

(v) Breach of Other Obligations. The Issuer fails for sixty (60) days after written notice from the Holder has been received by the Issuer to comply with any of its other agreements contained in any Transaction Document to which the Issuer is a party;

(vi) Cross Default. Any default by the Issuer or any Significant Subsidiary of the Issuer with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of US$80 million (or the foreign currency equivalent thereof) in the aggregate of the Issuer and/or any such Significant Subsidiary, whether such indebtedness now exists or shall hereafter be created (A) resulting in such indebtedness becoming or being declared due and payable or (B) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise and such acceleration shall not have been rescinded or annulled or such failure to pay shall not have been cured or waived or such indebtedness shall not have been repaid, as the case may be, within 30 days after written notice from the Holder;

(vii) Adverse Judgment. A final judgment for the payment of US$5 million (or the foreign currency equivalent thereof) or more (excluding any amounts covered by insurance) is rendered against the Issuer or any Significant Subsidiary of the Issuer, which judgment is not paid when due, bonded or otherwise discharged or stayed within sixty (60) days after the earlier of (i) the date on which the right to appeal thereof has expired if no such appeal has commenced and (ii) the date on which all rights to appeal have been extinguished;

(viii) Trading Suspension. The ADSs (or other Common Equity or ADSs in respect of the Common Equity underlying this Note) have been suspended from trading on The NASDAQ Global Market or its successor for a period of 90 consecutive Trading Days or for more than 180 Trading Days in any 12-month period;

(ix) Bankruptcy. The Issuer or any Significant Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, winding-up, reorganization or other relief with respect to the Issuer or any such Significant Subsidiary or its debts under any bankruptcy, liquidation, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Issuer or any such Significant Subsidiary or all or substantially all of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due;

(x) Involuntary Proceedings. An involuntary case or other proceeding shall be commenced against the Issuer or any Significant Subsidiary seeking liquidation, winding-up, reorganization or other relief with respect to the Issuer or such Significant Subsidiary or its debts under any bankruptcy, liquidation, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Issuer or such Significant Subsidiary or all or substantially all of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) consecutive days;

(xi) The Issuer applies the proceeds from the sale of this Note to purposes other than those set forth in Section 2 of the Purchase Agreement;

(xii) The Issuer or any Significant Subsidiary stops or suspends payment to its creditors generally or is unable to or admits its inability to pay its debts as they fall due, or, any of the Issuer or Significant Subsidiaries is declared or becomes bankrupt or insolvent;

(xiii) The Issuer or any Significant Subsidiary commences or has commenced against it any proceeding to dissolve or otherwise terminate its existence under any dissolution, liquidation or similar statue now or hereafter in effect or the board of directors or shareholders of the Issuer or Significant Subsidiaries take any corporate action in furtherance of any of the foregoing;

(xiv) The Issuer or any Significant Subsidiary files any petition or action for relief under any bankruptcy, reorganization, insolvency, arrangement, readjustment of debt, moratorium or any other similar law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or the board of directors or shareholders of the Issuer or Significant Subsidiaries take any corporate action in furtherance of any of the foregoing; or

(xv) The consummation of any transaction which results in the sale, transfer or exchange of all or substantially all of the outstanding voting shares of any of the Issuer or Significant Subsidiaries, or the sale of all or substantially all of the assets of any of the Issuer or Significant Subsidiaries.

(b) Consequences of Events of Default. If any one or more of the Events of Default shall occur, the Holder may, by written notice to the Issuer:

(i) Declare all then outstanding principal amount and any accrued but unpaid interest under this Note be, where upon they shall become, immediately due and payable without further demand, notice or other legal formality of any kind; and/or

(ii) Elect to convert all then outstanding principal amount and any accrued but unpaid Applicable Share Interest under this Note into ADSs of the Issuer.

8. Adjustments.

(a) If the Issuer determines that an adjustment should be made to the Conversion Price due to consolidation, subdivision, reclassification, capitalization of profits or reserves or other analogous events, the Issuer will at its own expense request an independent investment bank of international repute (the "Independent Bank") to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, the date on which such adjustment should take effect and upon such determination by the Independent Bank such adjustment (if any) will be made and will take effect in accordance with such determination by the Independent Bank.

(b) General Provisions Relating to Changes in Conversion Price.

(i) *Minor adjustments*: On any adjustment, the resultant Conversion Price, if not an integral multiple of one U.S. dollar cent, will be rounded down to the nearest one U.S. dollar cent. No adjustment will be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1% of the Conversion Price, as applicable, then in effect. Any amount by which the Conversion Price has not been rounded down will be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment will be given by the Issuer to the Holder in accordance with Section 13 as soon as practicable after the determination thereof, as well as a statement of how such adjustments were calculated.

(ii) *Minimum Conversion Price*: The Conversion Price may not be reduced so that, on a conversion of this Note, ADSs or Ordinary Shares will be required to be issued in any circumstances not permitted by applicable laws or regulations.

(iii) *Multiple Events*: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification will be made to the operation of the foregoing provisions as may be advised by such Independent Bank to be in its opinion appropriate in order to give such intended result.

(iv) All calculations and other determinations under this Section 8 will be made by the Issuer in good faith and will be made to the nearest one-ten thousandth (1/10,000) of an ADS.

(c) *Effect*. Upon such determination, such adjustment (if any) will be made and will take effect in accordance with such determination by the Independent Bank.

(d) If at any time while this Note is outstanding, the Issuer grants, issues or sells any rights to purchase shares, warrants, securities or other property pro rata to all the record holders of Ordinary Shares or ADSs (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights to the extent permitted by applicable law and regulation, the aggregate Purchase Rights which the Holder could have acquired as if the Holder had held the number of Class A Ordinary Shares or ADSs issuable upon the full conversion of this Note on the record date for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Class A Ordinary Shares or ADSs are to be determined for the grant, issue or sale of such Purchase Rights, provided that the ownership percentage of the Holder shall not exceed 30% of the Issuer's Common Equity (the "Ownership Cap") immediately after such subscription and purchase.

9. Repurchase.

(a) [Reserved]

(b) Repurchase on Fundamental Change. If a Fundamental Change occurs at any time, the Holder shall have the right, at its option, to require the Issuer to repurchase for cash all of the outstanding principal amount of this Note or any portion thereof on the date (the "Fundamental Change Repurchase Date") notified in writing by the Issuer that is not less than 20 Business Days and not more than 35 Business Days following the date of the Fundamental Change Company Notice (as defined below) at a repurchase price equal to (i) 100% of the outstanding principal amount subject of the Fundamental Change Repurchase Notice (as defined below), plus (ii) accrued and unpaid interest thereon pursuant to Section 4 (including any accrued and unpaid interest on the Defaulted Amounts, if any), and plus (iii) the Repurchase Deferential (the "Fundamental Change Repurchase Price"). Repurchase Deferential means the amount resulting from A minus B, where:

A = (the outstanding principal amount of this Note as of the Fundamental Change Repurchase Date subject of the applicable Fundamental Change Repurchase Notice x 25% per annum) x the number of days from [*insert the issue date of this Note*] to but excluding the Fundamental Change Repurchase Date;

B = the sum of the aggregate Cash Interest on the outstanding principal amount of this Note as of the Fundamental Change Repurchase Date subject of the applicable Fundamental Change Repurchase Notice that have been paid or accrued and unpaid as of the Fundamental Change Repurchase Date;

The relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(c) Delivery of Fundamental Change Repurchase Notice and this Note by the Holder.

i. Repurchases of this Note under Section 9(b) shall be made, at the option of the Holder thereof, upon: (i) delivery by the Holder to the Issuer of a duly completed notice (the "Fundamental Change Repurchase Notice"), on or before the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date; and (ii) delivery of this Note to the Issuer at any time after delivery of the Fundamental Change Repurchase Notice (together with all necessary endorsements and any documents for transfer), such delivery being a condition to receipt by the Holder of the Fundamental Change Repurchase Price therefor.

ii. Each Fundamental Change Repurchase Notice delivered pursuant to this Section 9(c) shall state (i) the portion of the principal amount of this Note to be repurchased and (ii) that the Note is to be repurchased by the Issuer pursuant to the applicable provisions of this Note.

iii. Notwithstanding anything herein to the contrary, the Holder shall have the right to withdraw, in whole or in part, such Fundamental Change Repurchase Notice at any time prior to the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Issuer in accordance with Section 9(g).

(d) Fundamental Change Company Notice. On or before the 30th calendar day after the occurrence or the effective date of a Fundamental Change, the Issuer shall provide to the Holder a written notice (the "Fundamental Change Company Notice") by first class mail of the occurrence and the effective date of the Fundamental Change and of the repurchase right at the option of the Holder arising as a result thereof. Each Fundamental Change Company Notice shall specify:

i. the events causing the Fundamental Change;

ii. the date of the Fundamental Change;

iii. the last date on which the Holder may exercise the repurchase right pursuant to this Section 9;

iv. the Fundamental Change Repurchase Price;

v. the Fundamental Change Repurchase Date;

vi. if applicable, the conversion rate and any adjustments to the conversion rate;

vii. that this Note may be converted only if any Fundamental Change Repurchase Notice that has been delivered by the Holder has been withdrawn in accordance with the terms of this Note; and

viii. the procedures that the Holder must follow to require the Issuer to repurchase the Note.

No failure of the Issuer to give the foregoing notices and no defect therein shall limit the Holder's repurchase rights or affect the validity of the procedures for the repurchase of this Note pursuant to this Section 9.

(e) Withdrawal of Fundamental Change Repurchase Notice. A Fundamental Change Repurchase Notice may be withdrawn (in whole or in part) by means of a duly completed written notice of withdrawal delivered to the Issuer in accordance with this Section 9(f) at any time prior to the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date, specifying (a) the principal amount of this Note with respect to which such notice of withdrawal is being submitted and (b) the principal amount, if any, of this Note that remains subject to the original Fundamental Change Repurchase Notice.

(f) Payment of Fundamental Change Repurchase Price.

i. On or prior to 10:00 a.m., New York time, one Business Day prior to the Fundamental Change Repurchase Date, the Issuer shall set aside, segregate and hold in trust for the benefit of the Holder an amount of money sufficient to repurchase the applicable portion of this Note to be repurchased at the appropriate Fundamental Change Repurchase Price. Payment for the applicable portion of this Note surrendered for repurchase (and not withdrawn in accordance with Section 9(f) will be made on the later of (i) the Fundamental Change Repurchase Date, provided the Holder has satisfied the conditions in this Section 9 and (ii) the time of delivery of the applicable portion of this Note by the Holder to the Issuer in the manner required by Section 9(c), by mailing checks for the amount payable to the Holder.

ii. If by 10:00 a.m., New York time, one Business Day prior to the Fundamental Change Repurchase Date, the Issuer holds money sufficient to make payment on the applicable portion of this Note to be repurchased on such Fundamental Change Repurchase Date, then, with respect to the applicable portion of this Note that has been properly surrendered for repurchase and not validly withdrawn in accordance with this Section 9, on such Fundamental Change Repurchase Date, (i) such portion of this Note will cease to be outstanding, (ii) interest will cease to accrue on such portion of this Note and (iii) in the event the entire outstanding amount of this Note is surrendered by the Holder to be repurchased, this Note will be deemed to have been paid and all other rights of the Holder will terminate (other than the right to receive the Fundamental Change Repurchase Price).

iii. Upon the surrender of this Note that is to be repurchased in part pursuant to this Section 9, the Issuer shall execute and deliver to the Holder a new Note in an authorized denomination equal in principal amount to the portion of this Note that is outstanding and not repurchased.

(g) Covenant to Comply with Applicable Laws Upon Repurchase of this Note. In connection with any repurchase offer, the Issuer will, if required, comply with all US federal and state securities laws in connection with any offer by the Issuer to repurchase this Note so as to permit the rights and obligations under this Section 9 to be exercised in the time and in the manner specified in this Section 9.

10. Covenants

(a) Payment of Principal and Interest. The Issuer covenants and agrees that it will cause to be paid the principal (including, if applicable, the Fundamental Change Repurchase Price) of, and accrued and unpaid interest on, this Note at the respective times and in the manner provided herein.

(b) Existence. The Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

(c) No Withholding. All payments and deliveries made by, or on behalf of, the Issuer or any successor to the Issuer under or with respect to this Note, including, but not limited to, payments of principal (including, if applicable, the Fundamental Change Repurchase Price), payments of interest and deliveries of ADSs (together with payments of cash for any fractional ADSs) upon any conversion of this Note, shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer or any successor to the Issuer is, for tax purposes, organized or resident or doing business or through which payment is made or deemed made (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law.

(d) Stay, Extension and Usury Laws. The Issuer covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law that would prohibit or forgive the Issuer from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Note; and the Issuer (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law.

(e) Compliance Certificates; Statements as to Defaults. The Issuer shall deliver to the Holder within 120 days after the end of each fiscal year of the Issuer (beginning with the fiscal year ending on September 30, 2020) and within 30 days of a written request made by the Holder an Officer's Certificate stating that a review has been conducted of the Issuer's activities under this Note and whether the Issuer has fulfilled its obligations hereunder, and whether such officer thereof have knowledge of any Default by the Issuer that occurred during the previous year that is then continuing and, if so, specifying each such Default and the nature thereof. The Issuer shall deliver to the Holder, as soon as possible, and in any event within 30 days after the Issuer becomes aware of the occurrence of any Default if such Default is then continuing, an Officer's Certificate setting forth the details of such Default, its status and the action that the Issuer is taking or proposing to take in respect thereof.

(f) Further Instruments and Acts. Upon request of the Holder, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Note.

(g) New Note Instruments. Upon request of the Holder for this Note to be broken down into a number of note instruments of smaller principal amounts, the Issuer shall issue new note instruments of such smaller principal amounts without charge within three (3) Business Days after the date of such request, provided that each new note instrument will have a principal amount of at least US$1,000,000 and the existing note instrument of this Note shall be delivered by the Holder to the Issuer for cancellation.

(h) Replacement of Note. Upon the loss, theft, destruction or mutilation of this Note (and in the case of loss, theft or destruction, of indemnity from the Holder reasonably satisfactory to the Issuer, or in the case of mutilation, upon surrender and cancellation thereof), the Issuer shall at the Holder's expense within five (5) Business Days execute and deliver to the Holder, in lieu thereof, a new Note as replacement for this Note.

11. TransferRestrictions

(a) The Holder covenants that this Note and/or the ADSs issuable upon conversion of this Note will only be disposed of pursuant to an effective registration statement under, and in compliance with the requirements of, the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act, and in compliance with any applicable state securities laws. In connection with any transfer of this Note and/or the ADSs issuable upon conversion of this Note other than pursuant to an effective registration statement or Rule 144 promulgated under the Securities Act ("Rule 144"), the Issuer may require the transferor to provide to the Issuer an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Issuer, to the effect that such transfer does not require registration under the Securities Act.

(b) The Holder agrees to the imprinting, until no longer required by this Section 11, of the following legend on any certificate evidencing this Note, the ADSs issuable upon conversion of this Note, or the Ordinary Shares represented by such ADSs:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY OTHER SECURITIES LAWS. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

The legend set forth above shall be removed and the Issuer shall issue a certificate without such legend to the holder of this Note or the ADSs issuable upon conversion of this Note if, unless otherwise required by state securities laws, (i) such securities are registered for resale under the Securities Act and are transferred to a Holder pursuant to a registration statement that is effective at the time of such transfer, (ii) in connection with a sale, assignment or other transfer, such Holder provides the Issuer with an opinion of counsel, the form and substance of which opinion shall be reasonably acceptable to the Issuer, that the sale, assignment or transfer of the securities may be made without registration under the applicable requirements of the Securities Act or (iii) such Holder provides the Issuer with reasonable assurance that the securities can be sold, assigned or transferred pursuant to Rule 144 or have been sold under Rule 144.

(c) Notwithstanding anything to the contrary herein, transfers of this Note shall be registered upon registration books maintained for such purpose by or on behalf of the Issuer. Prior to presentation of this Note for registration of transfer, the Issuer shall treat the registered holder hereof as the owner and Holder of this Note for the purpose of receiving all payments of principal and interest hereon and for all other purposes whatsoever.

12. **Governing Law; Jurisdiction.**

(a) Governing Law. This note will be governed by and construed in accordance with the laws of the State of New York without regard to any conflicts of laws, provisions thereof that would otherwise require the application of the law of any other jurisdiction.

(b) Jurisdiction. The Issuer irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York, over any suit, action, or proceeding arising out of or relating to this Note. The Issuer irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding brought in such a court and any claim that suit, action, or proceeding has been brought in an inconvenient forum. The Issuer agrees that the service of process upon it mailed by certified or registered mail (and service so made shall be deemed complete three days after the same has been posted as aforesaid) or by personal service shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Nothing herein shall affect Holder's right to serve process in any other manner permitted by law. The Issuer agrees that a final non-appealable judgement in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

13. **Notices.** Any notice required or permitted by this Note shall be in writing and shall be deemed duly given, made or received (i) on the date of delivery if delivered in person, (ii) on the date of confirmation of receipt of transmission by facsimile or other form of electronic delivery (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or (iii) three Business Days after deposit with an internationally recognized express courier service to the respective parties hereto at such party's address or facsimile number as set forth on the signature page below or as subsequently modified by written notice.

14. **Amendments and Waivers.** Any term of this Note may be amended only with the written consent of the Issuer and the Holder. Any amendment or waiver effected in accordance with this Section 11 shall be binding upon the Issuer, the Holder and the transferee of this Note.

15. **Counterparts.** This Note may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will constitute a single instrument.

16. **Action to Collect on Note.** If action is instituted to collect on this Note due to any default by the Issuer, the Issuer promises to pay all reasonable collection costs and expenses, including reasonable attorney's fees, incurred in connection with such action.

17. Definition.

"Affiliate" means, with respect to any specified Person, any Person that controls, is controlled by, or is under common control with such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with"), when used with respect to any specified Person, means the possession, directly or indirectly, individually or together with any other Person, of the power to direct or to cause the direction of the management and policies of a Person, whether through ownership of voting securities or other interests, by contract or otherwise.

"board of directors" means the board of directors of the Issuer or a committee of such board duly authorized to act for it hereunder.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the People's Republic of China (which for the purpose of this Note excludes Hong Kong SAR, Macau SAR and Taiwan), Singapore, Hong Kong or New York.

"Capital Stock" means for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity.

"close of business" means 5:00 p.m. (New York City time).

"Common Equity" of any Person means ordinary share capital or Capital Stock of such Person that is generally entitled (a) to vote in the election of directors of such Person or (b) if such Person is not a corporation, to vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"control" (including the terms "Controlled by" and "under common Control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person or securities that represent a majority of the outstanding voting securities of such Person.

"Default" means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

"Defaulted Amounts" means any amounts on this Note (including, without limitation, the Fundamental Change Repurchase Price, principal and interest) that are payable but are not paid when due or duly provided for pursuant to this Note.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fundamental Change" shall be deemed to have occurred if any of the following occurs after the issue date of this Note:

(a) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than the Issuer, its Subsidiaries, the employee benefit plans of the Issuer and its Subsidiaries, the Permitted Holders, and any of the Holders has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of the Issuer's Common Equity (including Common Equity held in the form of ADSs) representing more than 50% of the voting power of the Issuer's Common Equity;

(b) the consummation of (A) any recapitalization, reclassification or change of the Ordinary Shares or the ADSs (other than changes resulting from a subdivision or combination) as a result of which the Ordinary Shares or the ADSs would be converted into, or exchanged for, stock, other securities, other property or assets; (B) any share exchange, consolidation or merger of the Issuer, or transactions of similar effect, pursuant to which the Ordinary Shares or the ADSs will be converted into cash, securities or other property; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Issuer and its Significant Subsidiaries and Variable Interest Entities, taken as a whole, to any Person other than one of the Issuer's wholly-owned Significant Subsidiaries; provided, however, that a transaction described in clause (b) in which the holders of all classes of the Issuer's Common Equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction in substantially the same proportions vis-a-vis each other as such ownership immediately prior to such transaction shall not be a Fundamental Change pursuant to this clause (b);

(c) the shareholders of the Issuer approve any plan or proposal for the liquidation or dissolution of the Issuer; or

(d) the ADSs (or other Common Equity or ADSs in respect of the Common Equity underlying this Note) cease to be listed or quoted on The NASDAQ Global Market or its successor;

provided, however, that a transaction or transactions described in clause (a) or (b) above shall not constitute a Fundamental Change if at least 90% of the consideration received or to be received by holders of the ADSs, excluding cash payments for any fractional Ordinary Shares or ADSs and cash payments made in connection with dissenters' appraisal rights, in connection with such transaction or transactions consists of shares of Common Equity or ADSs or depositary receipts in respect of Common Equity that are listed or quoted on any of The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors) or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions and as a result of such transaction or transactions this Note become convertible into such consideration, excluding cash payments for any fractional Ordinary Shares or ADSs and cash payments made in connection with dissenters' appraisal rights.

“GAAP” means the generally accepted accounting principles in the United States.

“Governmental Authority” means any federal, national, foreign, supranational, state, provincial, local, municipal or other political subdivision or other government, governmental, regulatory or administrative authority, agency, board, bureau, department, instrumentality or commission or any court, tribunal, judicial or arbitral body of competent jurisdiction or stock exchange.

“Issuer” shall have the meaning ascribed to such term in the Preamble.

“Note” shall have the meaning ascribed to such term in the preamble.

“Officer” means, with respect to the Issuer, the Chairman, President, the Chief Executive Officer, the Secretary, any Executive or any Vice President (whether or not designated by a number or numbers or word or words added before or after the title “Vice President”).

“Officer’s Certificate”, when used with respect to the Issuer, means a certificate substantially in the form attached as Exhibit A.

“Permitted Holders” means CP Henry Singapore Pte. Ltd. or any of its Affiliates.

“Person” means any individual, partnership, corporation, association, joint stock company, trust, joint venture, limited liability company, organization, entity or Governmental Authority.

“Significant Subsidiary” means a Subsidiary of the Company that meets the definition of “significant subsidiary” in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act.

“Subsidiary” of any Person means any corporation, partnership, limited liability company, joint stock company, joint venture or other organization or entity, whether incorporated or unincorporated, which is Controlled by such Person and, for the avoidance of doubt, the Subsidiaries of any Person shall include any Variable Interest Entity over which such Person or any of its Subsidiaries effects Control pursuant to contractual arrangements and which is consolidated with such Person in accordance with GAAP applicable to such Person.

“U.S.” means United States.

“US$” or “$” means the United States dollar, the lawful currency of the United States of America.

“Variable Interest Entity” shall have the meaning ascribed to such term in the Purchase Agreement.

IN WITNESS WHEREOF, the Issuer has executed this Note as of the date first set forth above.

ISSUER

Q&K INTERNATIONAL GROUP LIMITED

By: _____
Name:
Title:

Attention: ZHICHEN SUN
Address: Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China
Telephone: +13671838929
E-mail: frank@qk365.com

IN WITNESS WHEREOF, the Holder has executed this Note as of the date first set forth above.

HOLDER:

KEY SPACE (S) PTE LTD

By: _____
Name:
Title:

Attention: Lawrence Lim
Address: 1 Temasek Avenue #20-01
Millenia Tower Singapore 039192
Telephone: +65 6511 3088
Facsimile: +65 6223 5992
E-mail: llim@cgcm.com

Exhibit A

COMPLIANCE CERTIFICATE

[●][*name of investor*]

[●][*address*]

Email: [●]

Attention: [●]

Date: October [●], 202[●]

Dear Sirs

Q&K INTERNATIONAL GROUP LIMITED

US$[●] CONVERTIBLE NOTE DUE [●]

(the "Note")

I, the undersigned, being a duly authorized officer of Q&K International Group Limited (the "Issuer"), refer to Section 10(e) (*Covenants - Compliance Certificates; Statements as to Defaults*) of the Convertible Note between [●] and the Issuer, dated July [●], 2020 (the "Note Document"). Expressions which are given defined meanings in the Note Document have the same meanings when used herein.

Pursuant to Section 10(e) (*Conditions of the Purchaser's Obligations at Closing*):

I hereby certify that, from October 1, 202[●] until September 30, 202[●] (the "**Certification Date**"), (i) a review has been conducted of the Issuer's activities under this Note; (ii) the Issuer has complied with its obligations under the Purchase Agreement and the Notes; and (iii) no Default had occurred.

Yours faithfully

for and on behalf of

Q&K INTERNATIONAL GROUP LIMITED

_____

Name:
Title:

EXHIBIT B

FORM OF WARRANT

THIS WARRANT AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT") OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. HOLDERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

Date of Issuance: [*insert month/day/year*]

Number of American Depositary Shares: [*Insert number*]

Q&K WARRANT
TO PURCHASE ADSs

This Q&K Warrant to Purchase ADSs (this "Warrant") is issued to Key Space (S) Pte Ltd (the "Purchaser") together with any permitted transferees, the "Holder") by Q&K International Group Limited, a company incorporated under the laws of the Cayman Islands and listed on NASDAQ under ticker symbol of QK (the "Company").

This Warrant is issued pursuant to, and in accordance with, a Convertible Notes and Warrant Purchase Agreement, dated July 22, 2020, by and among the Company, the Purchaser (as amended, supplemented or modified from time to time, the "Purchase Agreement"). The Holder is entitled to the benefits of this Warrant and the Purchase Agreement, subject to the terms and conditions set forth herein and therein, may enforce the agreements contained herein and therein and exercise the remedies provided for hereby and thereby or otherwise available in respect hereto and thereto. All capitalized terms shall have the meanings attributed to such terms in Section 3 hereof. All capitalized terms not otherwise defined in this Warrant shall have the meanings attributed to such terms in the Purchase Agreement. In case of conflict between the terms of this Warrant and the Purchase Agreement, the terms of this Warrant shall prevail.

SECTION 1 Purchase of ADSs

Subject to the terms and conditions hereinafter set forth, the Holder is entitled to subscribe for and purchase from the Company, upon surrender of this Warrant at the principal office of the Company (or at such other place as the Company shall notify the Holder in writing), at any time until the Expiration Date, up to the number of ADSs of fully paid and nonassessable ADSs, at the Exercise Price. The purchase price of one ADS shall be equal to the Exercise Price.

Upon exercise of this Warrant, the Holder shall be entitled to enjoy the registration rights as a "Purchaser" under Section 8 of the Purchase Agreement with respect to the ADSs it has purchased pursuant to this Warrant, same as those applicable to other Purchasers.

SECTION 2 Expiration

This Warrant shall expire and have no further effect on [*insert [month, day, year], which is five years after the warrant issue date*], (the "Expiration Date"). Subject to the terms of this Warrant, the Holder may exercise in full or in part this Warrant at its sole discretion at any time on or before the Expiration Date.

SECTION 3 Definitions

3.1 "ADSs" means the Company's American Depositary Shares (each ADS represents 30 Class A Ordinary Shares of the Company as of July 22, 2020).

3.2 "Capital Stock" means for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity.

3.3 "Class A Ordinary Shares" means the class A ordinary shares of the Company par value US$0.00001 each.

3.4 "Common Equity" of any Person means ordinary share capital or Capital Stock of such Person that is generally entitled (a) to vote in the election of directors of such Person or (b) if such Person is not a corporation, to vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

3.5 "Exercise Price" shall be *[insert the number equivalent to (110)% of the VWAP of the ADSs over the 60 Trading Days preceding the date of issuance of this Warrant*].

3.6 "Person" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.

3.7 "Trading Day" means a day on which the principal Trading Market is open for trading.

3.8 "Trading Market" means any of the following markets or exchanges on which the ADSs or the Class A Ordinary Shares, as the case may be, are listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange.

3.9 "VWAP" means the volume weighted average prices of the Class A Ordinary Shares or ADSs, as the case may be, on the relevant Trading Day or the relevant Trading Day-period quoted on Bloomberg under the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s) where implemented, from 9:30 to 16:00, New York City time or, if unavailable on Bloomberg, from such other source as will be determined appropriate by a leading investment bank of international repute. Adjustments to the VWAP will be made to reflect the occurrence of any of the adjustment events described in Section 6, to the extent such events are not reflected in the VWAP as reported by the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s). For the avoidance of doubt, if the adjustment event(s) described in Section 6 is reflected in the VWAP as reported by the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s), then the adjustment formula provided in Section 6 for such adjustment event(s) will not apply.

SECTION 4 Method of Exercise

4.1 While this Warrant remains outstanding and exercisable in accordance with Section 2 above, the Holder may exercise, in whole or in part, the subscription rights evidenced hereby. Such exercise shall be effected by the surrender of this Warrant, together with a duly executed copy of the Notice of Exercise attached hereto as Exhibit A, to the Company at its principal office (or at such other place as the Company shall notify the Holder in writing).

4.2 Each exercise of this Warrant pursuant to a Notice of Exercise shall be deemed to have been effected immediately prior to the close of business on the day on which this Warrant is surrendered to the Company as provided in Section 4.1 above.

4.3 This Warrant shall be exercisable on a cashless basis only. Such exercise shall be made by electing to receive the number of ADSs equal to the value of the subscription rights evidenced by this Warrant (or the portion thereof being exercised), by surrender of this Warrant to the Company, together with a duly completed and executed Notice of Exercise, in which event the Company shall issue to the Holder ADSs in accordance with the following formula:

$$X = Y(A-B)/A$$

where

X = The number of ADSs to be issued to the Holder;

Y = The number of ADSs for which the subscription rights evidenced by this Warrant are being exercised;

A = the VWAP immediately preceding the date of receipt by the Company of the Notice of Exercise giving rise to the applicable "cashless exercise", as set forth in the applicable Notice of Exercise; and

B = The Exercise Price.

As soon as practicable after the exercise of this Warrant in whole or in part, and in any event within ten (10) Business Days after receipt by the Company of the duly executed Notice of Exercise, the Company at its expense will cause to be allotted and issued in the name of, and delivered to the Holder:

(i) a certificate or certificates for the number of ADSs and/or corresponding Class A Ordinary Shares of the Company represented thereby to which the Holder shall be entitled; and

(ii) in case such exercise is in part only, a new warrant or warrants (dated the issue date of this Warrant) of like tenor, calling in the aggregate on the face or faces thereof for the number of ADSs equal to the number of such ADSs called for on the face of this Warrant minus the number of ADSs subscribed by the Holder upon all exercises made in accordance with Section 4.1 above or Section 4.4 below.

4.4 Upon any partial exercise of this Warrant, the Company shall cancel the portion of the Warrant that is being exercised and execute and deliver a new Warrant of like tenor and date for the balance of the ADSs issuable hereunder.

SECTION 5 Issuance of ADSs

The Company covenants that the ADSs and the Class A Ordinary Shares of the Company represented thereby, when issued pursuant to the exercise of this Warrant, will be duly and validly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issuance thereof.

SECTION 6 Adjustment of Exercise Price and Number of ADSs

The number of and kind of securities purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

6.1 Stock Splits, Stock Dividends, Recapitalizations, etc. The Exercise Price of this Warrant and the number of ADSs issuable upon exercise of this Warrant shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split, recapitalization and the like affecting the number of ordinary shares of the Company or the number of Class A Ordinary Shares of the Company represented by each ADS. Then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of Class A Ordinary Shares or ADSs, as applicable (excluding treasury shares, if any), outstanding immediately before such event and of which the denominator shall be the number of Class A Ordinary Shares or ADSs, as applicable, outstanding immediately after such event, and the number of Class A Ordinary Shares or ADSs, as applicable, issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

6.2 Reclassification, Reorganization and Consolidation. In case of any reclassification, capital reorganization, change or merger or consolidation in the share capital of the Company (other than as a result of a subdivision, combination, or share dividend), then the Company shall make appropriate provision so that the Holder shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares and other securities and property receivable in connection with such reclassification, capital reorganization, change or merger or consolidation by a holder of the same number of ADSs as were purchasable by the Holder under this Warrant immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares or other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the Exercise Price per ADS payable hereunder, provided the aggregate Exercise Price shall remain the same.

6.3 Notice of Adjustment. When any adjustment is required to be made in the number or class or series of ADSs or other securities or property purchasable upon exercise of this Warrant, or in the Exercise Price, the Company shall promptly notify the Holder of such event and of the number of ADSs or other securities or property thereafter purchasable upon exercise of this Warrant.

6.4 Calculations. All calculations under this Section shall be made to the nearest cent or the nearest 1/100th of an ADS or Class A Ordinary Share, as the case may be. For purposes of this Section, the number of Class A Ordinary Shares deemed to be issued and outstanding as of a given date shall be the sum of the number of Class A Ordinary Shares (including Class A Ordinary Shares underlying ADSs, but excluding treasury shares, if any) issued and outstanding.

SECTION 7 Purchase Rights

In addition to any adjustments pursuant to Section 6 above, if at any time the Company grants, issues or sells any rights to purchase shares, warrants, securities or other property pro rata to all the record holders of Class A Ordinary Shares or ADSs (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights to the extent permitted by applicable law and regulation, the aggregate Purchase Rights which the Holder could have acquired as if the Holder had held the number of Class A Ordinary Shares or ADSs issuable upon the complete and full exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Class A Ordinary Shares or ADSs are to be determined for the grant, issue or sale of such Purchase Rights, provided that the ownership percentage of the Holder shall not exceed 30% of the Company's Common Equity (the "Ownership Cap") immediately after such subscription and purchase.

SECTION 8 No Fractional ADSs or Scrip

No fractional ADS or scrip representing fractional ADS shall be issued upon the exercise of this Warrant, but in lieu of such fractional ADS the Company shall at its election, either make a cash payment therefor on the basis of the Exercise Price then in effect or round up to the next whole ADS.

SECTION 9 Representations of the Company

The Company represents that all corporate actions on the part of the Company necessary for the sale and issuance of this Warrant have been taken.

SECTION 10 Noncircumvention

The Company hereby covenants and agrees that it will not, by amendment of its memorandum and articles of association or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any Class A Ordinary Shares underlying the ADSs receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable ADSs upon the exercise of this Warrant, and (iii) shall, so long as this Warrant is outstanding, take all action necessary to reserve and keep available out of its authorized and unissued Class A Ordinary Shares, solely for the purpose of effecting the exercise of this Warrant, 100% of the number of Class A Ordinary Shares underlying the ADSs issuable upon exercise of this Warrant then outstanding.

SECTION 11 Transferability

Subject to compliance with the terms and conditions of this Section, this Warrant and all rights hereunder are transferable by the Holder to any permitted transferee, in whole or in part without charge to the Holder (except for transfer taxes and other governmental charges imposed on such transfer) upon a surrender of this Warrant properly endorsed or accompanied by written instructions of transfer in substantially the form attached hereto as Exhibit B. In the event of a partial transfer, the Company shall issue to the transferor and the transferee holders new Warrants of like tenor and date for the applicable number of ADSs. With respect to any offer, sale or other disposition of this Warrant or any ADSs acquired pursuant to the exercise of this Warrant prior to registration of such Warrant or ADSs, the Holder agrees to give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of the Holder's counsel, or other evidence, if requested by the Company, to the effect that such offer, sale or other disposition may be effected without registration or qualification (under the United States Securities Act of 1933 (the "Securities Act") as then in effect or any federal or state securities law then in effect) of this Warrant or the ADSs and indicating whether or not under the Securities Act certificates for this Warrant or the ADSs to be sold or otherwise disposed of require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with such law. If a determination has been made pursuant to this Section that the opinion of counsel for the Holder or other evidence is not reasonably satisfactory to the Company, the Company shall so notify the Holder promptly with details thereof after such determination has been made. Each certificate representing this Warrant or the ADSs transferred in accordance with this Section shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless in the aforesaid opinion of counsel for the Holder, such legend is not required in order to ensure compliance with such laws. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

SECTION 12 Rights of Shareholders

The Holder of this Warrant shall not be entitled, as a Warrant holder, to vote or receive dividends or be deemed the holder of the ADSs or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of shares, reclassification of shares, change of par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the ADSs purchasable upon the exercise hereof shall have become deliverable, as provided herein.

SECTION 13 Notices

Any notice required or permitted by this Warrant shall be in writing and shall be deemed duly given, made or received (i) on the date of delivery if delivered in person, (ii) on the date of confirmation of receipt of transmission by facsimile or other form of electronic delivery (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or (iii) three Business Days after deposit with an internationally recognized express courier service to the respective parties hereto at such party's address or facsimile number as set forth below or as subsequently modified by written notice.

If to the Company:

Q&K International Group Limited
Attention: ZHICHEN SUN
Address: Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China
Telephone: +13671838929
E-mail: frank@qk365.com

If to the Purchaser or Holder:

Key Space (S) Pte Ltd
Attention: Lawrence Lim
Address: 1 Temasek Avenue #20-01
Millenia Tower Singapore 039192
Telephone: +65 6511 3088
Facsimile: +65 6223 5992
E-mail: llim@cgcm.com

SECTION 14 Market Stand-Off Agreement

The Holder hereby agrees that it shall not sell, offer, pledge, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell, grant any right or warrant to purchase, lend or otherwise transfer or encumber, directly or indirectly, any ADSs, this Warrant or other securities of the Company, nor shall the Holder enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any ADSs, or other securities of the Company, during the 180-day period (or such other shorter period as may be requested in writing by the managing underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act that includes securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act provided that: all officers and directors of the Company and holders of at least one percent (1%) of the Company's voting securities are bound by and have entered into similar agreements. The Holder further agrees, if so requested by the Company or any representative of its underwriters, to enter into such underwriter's standard form of "lockup" or "market standoff" agreement in a form satisfactory to the Company and such underwriter. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

SECTION 15 Governing Law

This Warrant shall be governed by and construed in accordance with the laws of the State of New York without regard to any conflicts of laws, provisions thereof that would otherwise require the application of the law of any other jurisdiction.

SECTION 16 Amendments and Waivers

Any amendment, waiver or termination of any term of this Warrant shall require the written consent of the Company and the Holder.

SECTION 17 Dispute Resolution

The Company irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York, over any suit, action, or proceeding arising out of or relating to this Warrant. The Company irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding brought in such a court and any claim that suit, action, or proceeding has been brought in an inconvenient forum. The parties agree that the service of process upon it mailed by certified or registered mail (and service so made shall be deemed complete three Business Days after the same has been posted as aforesaid) or by personal service shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Nothing herein shall affect the other party's right to serve process in any other manner permitted by law. The parties agree that a final non-appealable judgement in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

SECTION 18 WARRANT AGENT

The Company shall serve as warrant agent under this Warrant. Upon thirty (30) days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or shareholder services business shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be given to the Holder in accordance with Section 13.

SECTION 19 REISSUANCE OF WARRANTS

19.1 **Transfer of Warrant**

If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 19.4), registered as the Holder may request, representing any portion of the then outstanding unexercised portion of this Warrant (the "Outstanding Amount") being transferred by the Holder and, if only a portion of the Outstanding Amount is being transferred, a new Warrant (in accordance with Section 19.4) to the Holder representing the portion of the Outstanding Amount not being transferred.

19.2 **Lost, Stolen or Mutilated Warrant**

Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 19.4) representing the then Outstanding Amount.

19.3 **Exchangeable for Multiple Warrants**

This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 19.4) representing in the aggregate the then applicable Outstanding Amount, and each such new Warrant will represent the right to purchase such portion of Outstanding Amount as is designated by the Holder at the time of such surrender.

19.4 **Issuance of New Warrants**

Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the then applicable Outstanding Amount (or in the case of a new Warrant being issued pursuant to Section 19.1 or Section 19.3, such number of ADSs designated by the Holder which, when added to the number of ADSs that may be subscribed under the other new Warrants issued in connection with such issuance, does not exceed the then applicable Outstanding Amount), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the issuance date of this Warrant, and (iv) shall have the same rights and conditions as this Warrant.

[Signature Page to Follow]

IN WITNESS WHEREOF, this Warrant is issued and executed by way of deed as of the date above written.

EXECUTED as a **DEED** on the date)
of this Warrant by *[_____])*
, authorized signatory for) _____
Q&K International Group Limited)

in the presence of:

Name: _____
[Name of witness]

ACKNOWLEDGED AND AGREED:

HOLDER:

Key Space (S) Pte Ltd

By: _____
Name:
Title:

EXHIBIT A

NOTICE TO EXERCISE

To: Q&K INTERNATIONAL GROUP LIMITED

Attention: Chief Executive Officer and Chief Financial Officer

1. The undersigned hereby elects to subscribe for and purchase ADSs (as defined and pursuant to the terms of the attached Warrant.

2. Please issue a certificate or certificates representing said ADSs and/or the Class A Ordinary Shares of the Company represented thereby in the name of the undersigned:

Name: _____

Address: _____

_____
(Signature)

_____
(Name)

_____
(Date)

_____
(Title)

[Signature Page – Q&K Warrant to Purchase Shares]

ACKNOWLEDGMENT

Q&K International Group Limited (the "Company") hereby acknowledges this Exercise Notice and hereby directs The Bank of New York Mellon to issue American Depositary Shares in accordance with the Depositary Instructions dated , 20 from the Company and acknowledged and agreed to by The Bank of New York Mellon.

Q&K INTERNATIONAL GROUP LIMITED

By: _____
Name:
Title:

EXHIBIT B

FORM OF TRANSFER

(To be signed only upon transfer of this Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to _____ the right represented by the attached Warrant to subscribe for _____ ADSs (as defined in attached the Warrant, and appoints _____ Attorney to transfer such right on the books of _____, with full power of substitution in the premises.

Dated: _____

_____
Signature of Holder
(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

_____
Signature of Assignee

EXHIBIT C

FORM OF LOCK-UP LETTER

LOCK-UP LETTER

July [29], 2020

Q&K International Group Limited
Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China

Ladies and Gentlemen:

The undersigned, [●], is a record or beneficial owner (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) of securities of Q&K International Group Limited, an exempted company limited by shares incorporated under the laws of the Cayman Islands (the "Company"), which as of July 17, 2020 it holds in the form of [[●] Class A ordinary shares of the Company, par value US$0.00001 per share ("Ordinary Shares") and [●] American Depositary Shares, each representing 30 Class A ordinary shares (the "**Lock-Up Securities**"), which are subject to this letter agreement (this "**Lock-up Agreement**").

For good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of the Company, it will not, during the period commencing on the date of this Lock-up Agreement and ending at the earlier of (x) the Mandatory Conversion Date (as defined in section 3(b) of the convertible note issued by the Company on July [29], 2020 or (y) March 31, 2021 (the "**Lock-Up Period**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, make any short sale, or otherwise transfer or dispose of, directly or indirectly, any Lock-Up Securities, by the undersigned or any other securities so owned convertible into or exercisable or exchangeable for the Lock-Up Securities or publicly disclose the intention to do any of the foregoing or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Lock-Up Securities or such other securities, in cash or otherwise, or (3) publicly disclose the intention to do any of the foregoing, or (4) make any demand for or exercise any right with respect to, the registration of any Lock-Up Securities. The foregoing restrictions are expressly agreed to preclude the undersigned from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the undersigned's Lock-Up Securities even if such sale or disposition would be conducted by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the undersigned's Lock-Up Securities or with respect to any security that includes, relates to, or derives any significant part of its value from the undersigned's Lock-Up Securities.

In addition, the undersigned agrees that, without the prior written consent of the Company, it will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any Lock-Up Securities or any security convertible into or exercisable or exchangeable for Lock-Up Securities under the U.S. Securities Act of 1933, as amended. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent, The Bank of New York Mellon, as depositary (the "**Depositary**"), and registrar against the transfer of the undersigned's Lock-Up Securities, as appropriate, except in compliance with the foregoing restrictions.

In furtherance of the foregoing, the Company, the Depositary, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to place restrictive legends or other restrictions, and decline to make any transfer of securities if such transfer would constitute a violation or breach of this Lock-up Agreement, as appropriate. The Company and the undersigned agree that the restrictive legend shall take the form as set forth on Exhibit A, attached hereto (the "**Legend**").The Company undertakes that upon the expiration date of the Lock-up Period, it will use commercially reasonable efforts to have the said written instructions sent to [the Company's transfer agent, the Depositary and the registrar] to the effect that the Legend can be removed as soon as commercially practicable.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-up Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

This Lock-up Agreement and any claim, controversy or dispute arising under or related to this Lock-up Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to the conflict of laws principles thereof.

[*Signature page follows*]

Very truly yours,

_____

[Name]

_____

[Address]

The Company hereby acknowledges receipt of this Lock-Up Agreement on July [29], 2020.

Q&K International Group Limited

_____

[Name]

_____

[Title]

Exhibit A

Legend

THIS SECURITY IS SUBJECT TO TRANSFER AND OTHER RESTRICTIONS SET FORTH IN A LOCK-UP AGREEMENT BETWEEN Q&K INTERNATIONAL GROUP LIMITED AND THE HOLDER THEREOF, DATED JULY [29], 2020. ANY ATTEMPT TO TRANSFER OR SELL THIS SECURITY IN VIOLATION OF THOSE RESTRICTIONS SHALL BE VOID.

EXHIBIT D

TERMS OF THE REGISTRATION RIGHTS

TERMS OF THE REGISTRATION RIGHTS

All reference in this Exhibit to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of the body of this Exhibit, unless explicitly stated otherwise.

1. DEFINITIONS.

The following terms used in this Exhibit D shall have the meanings ascribed to them as follows:

1.1 "ADSs" means the Company's American Depositary Shares, each ADS represents 30 class A ordinary shares of the Company.

1.2 "Affiliate" of a given Person means, (i) in the case of a Person other than a natural person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such given Person, or (ii) in the case of a natural person, any other Person that directly or indirectly is Controlled by such given Person or is a Family Member of such given Person.

1.3 "Agreement" means the Convertible Notes and Warrant Purchase Agreement.

1.4 "Board" means the Company's board of directors.

1.5 "Business Day" means a day (other than a Saturday or a Sunday) that the banks in Hong Kong, the PRC, or the City of New York are generally open for business.

1.6 "Class A Ordinary Shares" means the Company's class A ordinary shares, par value US$0.00001 per share.

1.7 "Class B Ordinary Shares" means the Company's class B ordinary shares, par value US$0.00001 per share.

1.8 "Commission" means (i) with respect to any offering of securities in the United States, the Securities and Exchange Commission of the United States or any other federal agency at the time administering the Securities Act and (ii) with respect to any offering of securities in a jurisdiction other than the United States, the regulatory body of the jurisdiction with authority to supervise and regulate the offering and sale of securities in that jurisdiction.

1.9 "Company" means Q&K International Group Limited, an exempted company duly incorporated with limited liability and validly existing under the Laws of the Cayman Islands.

1.10 "Control" of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors or similar governing body of such Person; and the term "Controlled" has the meaning correlative to the foregoing.

1.11 "Convertible Note Holders" mean a registered holder of the Convertible Notes, and a "Convertible Note Holder" refers to any of the Convertible Note Holders.

1.12 "Convertible Notes" means the convertible notes that the Company issues to Key Space (S) Pte Ltd pursuant to the convertible note and warrant purchase agreement dated July 22, 2020.

1.13 "Equity Securities" means, with respect to a given Person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such Person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such Person, or any Contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly.

1.14 "Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

1.15 "Form F-3" means Form F-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

1.16 "Form S-3" means Form S-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

1.17 "Governmental Authority" means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction.

1.18 "Holders" means the holders of Registrable Securities who are parties to this Agreement from time to time, and their permitted transferees that become parties to this Agreement from time to time.

1.19 "Initiating Holders" means, with respect to a request duly made under Section 2.1 or 2.2 to Register any Registrable Securities, the Holders initiating such request.

1.20 "Law" means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common or customary law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure of any Governmental Authority.

1.21 "Ordinary Shares" mean collectively, the Company's Class A Ordinary Shares and Class B Ordinary Shares.

1.22 "Persons" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.

1.23 "Registrable Securities" means (i) the Ordinary Shares underlying ADSs issued or issuable upon conversion of the Convertible Notes, (ii) any Ordinary Shares owned or hereafter acquired by any Convertible Note Holder, and (iii) any Ordinary Shares of the Company issued as a dividend or other distribution with respect to, in exchange for, or in replacement of, the shares referenced in (i) and (ii) herein. For purposes of this Agreement, Registrable Securities shall cease to be Registrable Securities when a Registration Statement covering such Registrable Securities has been declared or ordered effective under the Securities Act by the Commission whether or not such Registrable Securities have been disposed of pursuant to such effective Registration Statement.

1.24 "Registration" means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement; and the terms "Register" and "Registered" have meanings concomitant with the foregoing.

1.25 "Registration Statement" means a registration statement prepared on Form F-1, F-3, S-1, or S-3 under the Securities Act (including, without limitation, Rule 415 under the Securities Act), or on any comparable form in connection with registration in a jurisdiction other than the United States.

1.26 "Securities Act" means the United States Securities Act of 1933, as amended.

1.27 "Violation" has the meaning set forth in Section 5.1(a) hereof.

2. DEMAND REGISTRATION.

2.1 Registration other than on Form F-3 or Form S-3. Subject to the terms of this Agreement, at any time after the fourth (4th) anniversary of November 6, 2019, Holder(s) holding at least 10% or more of the issued and outstanding Registrable Securities (on an as-converted basis) may request in writing that the Company effect a Registration of Registrable Securities on any internationally recognized exchange that is reasonably acceptable to such requesting Holder(s). Upon receipt of such a request, the Company shall (x) within ten (10) Business Days of the receipt of such written request give written notice of the proposed Registration to all other Holders and (y) as soon as practicable, use its best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within twenty (20) days after receipt of the such written request, to be Registered and/or qualified for sale and distribution in such jurisdiction as the Initiating Holders may request. The Company shall be obligated to effect no more than three (3) Registrations pursuant to Section 2.1 hereof that have been declared and ordered effective; provided that if the sale of all of the Registrable Securities sought to be included pursuant to this Section 2.1 hereof is not consummated for any reason other than due to the action or inaction of the Holders including Registrable Securities in such Registration, such Registration shall not be deemed to constitute one of the Registration rights granted pursuant to Section 2.1 hereof.

2.2 Registration on Form F-3 or Form S-3. Subject to the terms of this Agreement, if the Company qualifies for registration on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), any Holder may request the Company to file, in any jurisdiction in which the Company has had a registered underwritten public offering, a Registration Statement on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), including without limitation any registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or a delayed basis by the Holders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the Commission. Upon receipt of such a request, the Company shall (i) promptly give written notice of the proposed Registration to all other Holders and (ii) as soon as practicable, use its best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within twenty (20) days after the Company's delivery of written notice, to be Registered and qualified for sale and distribution in such jurisdiction within sixty (60) days of the receipt of such request. The Holders shall be entitled to an unlimited number of Registrations pursuant to this Section 2.2., provided the Company shall be obligated to effect no more than one (1) Registrations that have been declared and ordered effective within any twelve (12)-month period pursuant to this Section 2.2.

2.3 Right of Deferral.

(a) The Company shall not be obligated to Register or qualify Registrable Securities pursuant to Section 2 of this Exhibit:

(i) if, within ten (10) days of the receipt of any request of the Holders to Register any Registrable Securities under Section 2.1 and Section 2.2 hereof, the Company gives notice to the Initiating Holders of its bona fide intention to effect the filing for its own account of a Registration Statement of Ordinary Shares within sixty (60) days of receipt of that request; provided, that the Company is actively employing in good faith its best efforts to cause that Registration Statement to become effective within sixty (60) days of receipt of that request; provided, further, that the Holders are entitled to join such Registration subject to Section 3 hereof (other than a registration of securities in a transaction under Rule 145 of the Securities Act or with respect to an employee benefit plan); or

(ii) during the period starting with the date of filing by the Company of and ending sixty (60) days in the case of any offering of Ordinary Shares, in each case following the effective date of any Registration Statement pertaining to Ordinary Shares of the Company; provided, that the Holders are entitled to join such Registration subject to Section 3 hereof (other than a registration of securities in a transaction under Rule 145 of the Securities Act or with respect to an employee benefit plan).

(b) If, after receiving a request from Holders pursuant to Section 2.1 or 2.2 hereof, the Company furnishes to the Holders a certificate signed by the chief executive officer of the Company stating that, in the good faith judgment of the Board, it would be materially detrimental to the Company or its members or shareholders for a Registration Statement to be filed in the near future, then the Company shall have the right to defer such filing for a period during which such filing would be materially detrimental, provided, that that the Company may not utilize this right and/or the deferral right contained in this clause (ii) for more than ninety (90) days on any one occasion or for more than once during any twelve (12) month period; provided, further, that the Company may not Register any other of its securities during such period (except for Registrations contemplated by Section 3.4 of this Exhibit).

2.4 Underwritten Offerings. If, in connection with a request to Register Registrable Securities under Section 2.1 or 2.2 hereof, the Initiating Holders seek to distribute such Registrable Securities in an underwritten offering, they shall so advise the Company as part of the request, and the Company shall include such information in the written notice to the other Holders described in Sections 2.1 and 2.2 hereof. In such event, the right of any Holder to include its Registrable Securities in such Registration shall be conditioned upon such Holder's participation in such underwritten offering and the inclusion of such Holder's Registrable Securities in the underwritten offering (unless the Holders of a majority of the voting power of all Registrable Securities proposed to be included in such Registration elect to distribute such Registrable Securities through a different distribution method, or otherwise mutually agreed by a majority-in-interest of the Initiating Holders and such Holder, taken together) to the extent provided herein. All Holders proposing to distribute their securities through such underwritten offering shall enter into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected for such underwritten offering by the Holders of a majority of the voting power of all Registrable Securities proposed to be included in such Registration and reasonably acceptable to the Company. Notwithstanding any other provision of this Agreement, if the managing underwriter advises the Company that marketing factors (including without limitation the aggregate number of securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten in a Registration pursuant to Section 2.1 or 2.2 hereof, the underwriters may exclude up to 75% of the Registrable Securities requested to be Registered but only after first excluding all other Equity Securities from the Registration and underwritten offering and so long as the number of Registrable Securities to be included in the Registration is allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities requested by such Holders to be included. Any Registrable Securities excluded or withdrawn from such underwritten offering shall be withdrawn from the Registration. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to a Holder to the nearest one hundred (100) shares.

3. PIGGYBACK REGISTRATIONS.

3.1 Registration of the Company's Securities. Subject to the terms of this Agreement, if the Company proposes to Register for its own account any of its Equity Securities, or for the account of any holder (other than a Holder) of Equity Securities any of such holder's Equity Securities (except as set forth in Section 3.4 hereof); the Company shall promptly give each Holder written notice of such Registration and, upon the written request of any Holder given within fifteen (15) days after delivery of such notice, the Company shall use its best efforts to include in such Registration any Registrable Securities thereby requested to be Registered by such Holder. Without limiting the foregoing, the Holders shall be entitled to an unlimited number of Registrations pursuant to this Section 3.1. If a Holder decides not to include all or any of its Registrable Securities in such Registration by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent Registration Statement or Registration Statements as may be filed by the Company, all upon the terms and conditions set forth herein. The Company shall not grant to any other convertible note holder any similar rights in this Section 3.1 superior to those of the Convertible Note Holders, except with the consent of Convertible Note Holders.

3.2 Right to Terminate Registration. The Company shall have the right to terminate or withdraw any Registration initiated by it under Section 3.1 hereof prior to the effectiveness of such Registration, whether or not any Holder has elected to participate therein. The expenses of such withdrawn Registration shall be borne by the Company in accordance with Section 4.3 hereof.

3.3 Underwriting Requirements.

(i) In connection with any offering involving an underwriting of the Company's Equity Securities, the Company shall not be required to Register the Registrable Securities of a Holder under Section 3 hereof unless such Holder's Registrable Securities are included in the underwritten offering and such Holder enters into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected by the Company and setting forth such terms for the underwritten offering as have been agreed upon between the Company and the underwriters. In the event the underwriters advise Holders seeking Registration of Registrable Securities pursuant to Section 3 hereof in writing that market factors (including the aggregate number of Registrable Securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten, the underwriters may exclude shares from the Registration and the underwriting, and the number of shares that may be included in the Registration and the underwriting shall be allocated, first, to the Company, second, to each of the Holders requesting inclusion of their Registrable Securities in such Registration Statement on a pro rata basis based on the total number of shares of Registrable Securities then held by each such Holder, and third, to holders of other Equity Securities of the Company; provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the Registration and underwriting as described above shall be restricted so that all shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer or director of the Company (or any subsidiary of the Company) shall first be excluded from such Registration and underwriting before any Registrable Securities are so excluded; provided, further, that the Registrable Securities requested by the Holders to be included in such underwriting and Registration shall not be cut back to less than twenty-five percent (25%) of the Equity Securities of the Company included in such underwriting and Registration. In any event, no convertible note holder shall be granted Registration pursuant to Section 3.1 hereof which would reduce the number of Shares to be included by the Holders except with the consent of the Convertible Note Holders.

(ii) If any Holder disapproves the terms of any underwriting, the Holder may elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least ten (10) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from the underwritten offering shall be withdrawn from the Registration. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any Registration proceeding begun pursuant to Section 2.1 or 2.2 hereof if the Registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless such withdrawal is due to an action or inaction of the Company or an event outside of the reasonable Control of such Holders.

3.4 Exempt Transactions. The Company shall have no obligation to Register any Registrable Securities under Section 3 hereof in connection with a Registration by the Company (i) relating solely to the sale of securities to participants in a company share plan, or (ii) relating to a corporate reorganization or other transaction under Rule 145 of the Securities Act (or comparable provision under the Laws of another jurisdiction, as applicable).

4. REGISTRATION PROCEDURES.

4.1 Registration Procedures and Obligations. Whenever required under this Agreement to effect the Registration of any Registrable Securities held by the Holders, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the Commission a Registration Statement with respect to those Registrable Securities and use its best efforts to cause that Registration Statement to become effective, and, upon the request of the Holders holding a majority of the Registrable Securities Registered thereunder, keep the Registration Statement effective for up to one hundred twenty (120) days or, if earlier, until the distribution thereunder has been completed; provided, however, that (a) such one hundred twenty (120) day period shall be extended for a period of time equal to the period any Holder refrains from selling any Registrable Securities included in such Registration at the written request of the underwriter(s) for such Registration, and (b) in the case of any Registration of Registrable Securities on Form F-3 or Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable rules promulgated by the Securities and Exchange Commission, such one hundred twenty (120) day period shall be extended, if necessary, to keep the Registration Statement or such comparable form, as the case may be, effective until all such Registrable Securities are sold;

(b) Prepare and file with the Commission amendments and supplements to that Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of applicable securities Laws with respect to the disposition of all securities covered by the Registration Statement;

(c) Furnish to the Holders the number of copies of a prospectus, including a preliminary prospectus, required by applicable securities Laws, and any other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(d) Use its best efforts to Register and qualify the securities covered by the Registration Statement under the securities Laws of any jurisdiction, as reasonably requested by the Holders, provided, that the Company shall not be required to qualify to do business or file a general consent to service of process in any such jurisdictions;

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in customary form, with the managing underwriter(s) of the offering and take such other actions as are prudent and reasonably required in order to facilitate the disposition of such Registrable Securities, including causing its officers to participate in “road shows” and other information meetings organized by underwriters;

(f) Promptly notify each Holder of Registrable Securities covered by the Registration Statement at any time when a prospectus relating thereto is required to be delivered under applicable securities Laws of (a) the issuance of any stop order by the Commission, or (b) the happening of any event or the existence of any condition as a result of which any prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, or if in the opinion of counsel for the Company it is necessary to supplement or amend such prospectus to comply with Law, and at the request of any such Holder promptly prepare and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made or such prospectus, as supplemented or amended, shall comply with Law;

(g) Furnish, at the request of any Holder requesting Registration of Registrable Securities pursuant to this Agreement, on the date that such Registrable Securities are delivered for sale in connection with a Registration pursuant to this Agreement, (i) an opinion, dated the date of the sale, of the counsel representing the Company for the purposes of the Registration, in form and substance as is customarily given to underwriters in an underwritten public offering; and (ii) a comfort letter dated the date of the sale, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters;

(h) Otherwise comply with all applicable rules and regulations of the Commission to the extent applicable to the applicable registration statement and use its best efforts to make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Securities Act, no later than forty-five (45) days after the end of a twelve (12) month period (or ninety (90) days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of such registration statement, which statement shall cover such twelve (12) month period, subject to any proper and necessary extensions;

(i) Not, without the prior consent of the Holders of at least a majority of voting power of the then outstanding Registrable Securities, make any offer relating to the securities that would constitute a "free writing prospectus", as defined in Rule 405 promulgated under the Securities Act;

(j) Provide a transfer agent and registrar for all Registrable Securities Registered pursuant to the Registration Statement and, where applicable, a number assigned by the Committee on Uniform Securities Identification Procedures for all those Registrable Securities, in each case not later than the effective date of the Registration;

(k) make available at reasonable times for inspection by any seller of Registrable Securities, any managing underwriter participating in any disposition of such Registrable Securities pursuant to a Registration Statement, Holders' legal counsel and any attorney, accountant or other agent retained by any such seller or any managing underwriter (each, an "Inspector" and collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's and its subsidiaries' officers, directors and employees, and the independent public accountants of the Company, to supply all information reasonably requested by any such Inspector in connection with such Registration Statement. Records that the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors (and the Inspectors shall confirm their agreement in writing in advance to the Company if the Company shall so request) unless (i) the disclosure of such Records is necessary, in the Company's judgment, to avoid or correct a misstatement or omission in the Registration Statement, (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction after exhaustion of all appeals therefrom or (iii) the information in such Records was known to the Inspectors on a non-confidential basis prior to its disclosure by the Company or has been made generally available to the public. Each seller of Registrable Securities agrees that it shall, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential;

(l) in the event of an underwritten public offering, obtain a “cold comfort” letters dated the effective date of the Registration Statement and the date of the closing under the underwriting agreement from the Company’s independent public accountants in customary form and covering such matters of the type customarily covered by “cold comfort” letters as the managing underwriter reasonably requests;

(m) furnish, at the request of any seller of Registrable Securities on the date such securities are delivered to the underwriters for sale pursuant to such registration or, if such securities are not being sold through underwriters, on the date the Registration Statement with respect to such securities becomes effective, an opinion, dated such date, of counsel representing the Company for the purposes of such registration, addressed to the underwriters, if any, and to the seller making such request, covering such legal matters with respect to the registration in respect of which such opinion is being given as the underwriters, if any, and such seller may reasonably request and are customarily included in such opinions;

(n) cooperate with each seller of Registrable Securities and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the Financial Industry Regulatory Authority, Inc.; and

(o) Take all reasonable actions necessary to list the Registrable Securities on the primary exchange on which the Company’s securities are then traded.

4.2 Information from Holder. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement with respect to the Registrable Securities of any selling or registering Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the Registration of such Holder’s Registrable Securities.

4.3 Expenses of Registration. All expenses, other than the underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to this Agreement (which shall be borne by the Holders requesting Registration on a pro rata basis in proportion to their respective numbers of Registrable Securities sold in such Registration), incurred in connection with Registrations, filings or qualifications pursuant to this Agreement, including (without limitation) all Registration, filing and qualification fees, printers’ and accounting fees, fees charged by any share registration and/or depository agent, fees and disbursements of counsel for the Company and reasonable fees and disbursement of one counsel for all selling Holders, shall be borne by the Company. The Company shall not, however, be required to pay for any expenses of any Registration proceeding begun pursuant to this Agreement if the Registration request is subsequently withdrawn at the request of a majority-in-interest of the Holders requesting such Registration (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be thereby Registered in the withdrawn Registration).

5. REGISTRATION-RELATED INDEMNIFICATION.

5.1 Company Indemnity.

(a) To the maximum extent permitted by Law, the Company shall indemnify and hold harmless each Holder, such Holder's partners, officers, directors, shareholders and legal counsel, any underwriter (as defined in the Securities Act) and each Person, if any, who Controls (as defined in the Securities Act) such Holder or underwriter, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under Laws which are applicable to the Company and relate to action or inaction required of the Company in connection with any Registration, qualification, or compliance, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (each a "Violation"): (a) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), (b) the omission or alleged omission to state in the Registration Statement, on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any violation or alleged violation by the Company of applicable securities Laws, or any rule or regulation promulgated under applicable securities Laws. The Company will reimburse each such Holder, underwriter or Controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action.

(b) The indemnity agreement contained in Section 5.1 hereof shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises solely out of or is solely based upon a Violation that occurs in reliance upon and in conformity with written information furnished in a certificate expressly for use in connection with such Registration by any such Holder, such Holder's partners, officers, directors, and legal counsel, any underwriter (as defined in the Securities Act) and each Person, if any, who Controls (as defined in the Securities Act) such Holder or underwriter. Further, the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Holder or other aforementioned Person, or any Person controlling such Holder, from whom the Person asserting any such losses, claims, damages or liabilities purchased shares in the offering, if a copy of the most current prospectus was not sent or given by or on behalf of such Holder or other aforementioned Person to such Person, if required by Law to have been so delivered, at or prior to the written confirmation of the sale of the shares to such Person, and if the prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

5.2 Holder Indemnity.

(a) To the maximum extent permitted by Law, each selling Holder that has included Registrable Securities in a Registration will, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, legal counsel and accountants, any underwriter, any other Holder selling securities in connection with such Registration and each Person, if any, who Controls (within the meaning of the Securities Act) the Company, such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing Persons may become subject, under applicable securities Laws, or any rule or regulation promulgated under applicable securities Laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder in a certificate expressly for use in connection with such Registration; and each such Holder will reimburse any Person intended to be indemnified pursuant to Section 5.2 hereof, for any legal or other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability or action. No Holder's liability under Section 5.2 hereof shall exceed the net proceeds (less underwriting discounts and selling commissions) received by such Holder from the offering of securities made in connection with that Registration.

(b) The indemnity contained in Section 5.2 hereof shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld or delayed).

5.3 Notice of Indemnification Claim. Promptly after receipt by an indemnified party under Section 5.1 or 5.2 hereof of notice of the commencement of any action (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under Section 5.1 or 5.2 hereof, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the indemnifying parties. An indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonably incurred fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver a written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under Section 5 hereof, but the omission to deliver a written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 5 of this Exhibit.

5.4 Contribution. If any indemnification provided for in Section 5.1 or 5.2 hereof is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other, in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. No Holder's liability under Section 5.4 hereof, when combined with such Holder's liability under Section 5.2 hereof, shall exceed the net proceeds (less underwriting discounts and selling commissions) received by such Holder from the offering of securities made in connection with that Registration.

5.5 Underwriting Agreement. To the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

5.6 Survival. The obligations of the Company and Holders under Section 5 hereof shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Agreement.

6. ADDITIONAL REGISTRATION-RELATED UNDERTAKINGS.

6.1 Reports under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act and any comparable provision of any applicable securities Laws that may at any time permit a Holder to sell securities of the Company to the public without Registration or pursuant to a Registration on Form F-3 or Form S-3 (or any comparable form in a jurisdiction other than the United States), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 (or comparable provision, if any, under applicable securities Laws in any jurisdiction where the Company's securities are listed), at all times following ninety (90) days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under all applicable securities Laws; and

(c) at any time following ninety (90) days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public by the Company, promptly furnish to any Holder holding Registrable Securities, upon request (i) a written statement by the Company that it has complied with the reporting requirements of all applicable securities Laws at any time after it has become subject to such reporting requirements or, at any time after so qualified, that it qualifies as a registrant whose securities may be resold pursuant to Form F-3 or Form S-3 (or any form comparable thereto under applicable securities Laws of any jurisdiction where the Company's securities are listed), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents as filed by the Company with the Commission, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission, that permits the selling of any such securities without Registration or pursuant to Form F-3 or Form S-3 (or any form comparable thereto under applicable securities Laws of any jurisdiction where the Company's Securities are listed).

6.2 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of Holders of at least a majority of the then outstanding Registrable Securities held by all Holders, enter into any agreement with any holder or prospective holder of any Equity Securities of the Company that would allow such holder or prospective holder (a) to include such Equity Securities in any Registration filed under Section 2 or 3 hereof, unless under the terms of such agreement such holder or prospective holder may include such Equity Securities in any such Registration only to the extent that the inclusion of such Equity Securities will not reduce the amount of the Registrable Securities of the Holders that are included, (b) to demand Registration of their Equity Securities on a basis more favorable to such holders or prospective holders than is provided to the Holders of Registrable Securities, or (c) to cause the Company to include such Equity Securities in any Registration filed under Section 2 or 3 hereof on a basis more favorable to such holder or prospective holder than is provided to the Holders of Registrable Securities.

6.3 Termination of Registration Rights. The registration rights set forth in Sections 2 and 3 hereof above shall terminate on the later of (a) the fifth (5th) anniversary after the earlier of November 6, 2019, and (b) with respect to any Holder, the date which such Holder holds less than 1% of the Equity Securities of the Company and all Registrable Securities may be sold under Rule 144 of the Securities Act in any ninety (90)-day period.

6.4 Exercise of Convertible Notes or Warrants. Notwithstanding anything to the contrary provided in this Agreement, the Company shall have no obligation to register Convertible Notes or Warrants which, have not been exercised, converted or exchanged, as applicable, for ADSs.

7. JURISDICTION.

The terms of this Exhibit are drafted primarily in contemplation of an offering of securities in the United States of America. The Parties recognize, however, the possibility that securities may be qualified or registered for offering to the public in a jurisdiction other than the United States of America where registration rights have significance or that the Company might affect an offering in the United States of America in the form of American depositary receipts or American depositary shares. Accordingly, it is their intention that, whenever this Exhibit or any other provision of this Agreement refers to a Law, form, process or institution of the United States of America but the Parties wish to effectuate qualification or registration in a different jurisdiction where registration rights have significance, such references to the Laws or institutions of the United States shall be read as referring, mutatis mutandis, to the comparable Laws or institutions of the jurisdiction in question.

8. ASSIGNMENT OF REGISTRATION RIGHTS.

The rights to cause the Company to register Registrable Securities pursuant to this Exhibit may be assigned (but only with all related obligations) by (a) a Holder that is a partnership, to any partner, retired partner or Affiliated fund of such Holder, (b) a Holder that is a limited liability company, to any member or former member of such Holder, (c) a Holder who is an individual, to such Holder's family member or trust for the benefit of such Holder or such Holder's family member, (d) a Holder that is a corporation to its shareholders in accordance with their interests in the corporation, or (d) to any other Person who immediately after such assignment becomes the Holder of at least 2% of Registrable Securities; provided (in all cases) (i) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (ii) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement; and (iii) such assignments shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Securities Act.

EXHIBIT E

FORM OF LOCK-UP AGREEMENT

LOCK-UP AGREEMENT

July [22], 2020

Q&K International Group Limited
Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China

Ladies and Gentlemen:

Whereas, SAIF IV Consumer (BVI) Limited (the "**Investor**"), is a record owner of securities of Q&K International Group Limited (the "**Company**"), an exempted company limited by shares incorporated under the laws of the Cayman Islands, which as of the date hereof held 120,000,000 Class A ordinary shares of the Company, par value US$0.00001 per share ("**Ordinary Shares**"), and is not (and has not been for at least three months) an "affiliate" (as such term is defined under Rule 144 promulgated under the Securities Act of 1933) of the Company.

To induce the Investor to enter into this letter agreement (this "**Lock-Up Agreement**"), the Company hereby acknowledges its obligation to assist and facilitate the conversion of the Ordinary Shares held by the Investor into American depositary shares (the "**ADSs**"), each representing thirty (30) Ordinary Shares, and hereby undertakes to do, or cause to be done, all such acts and things, and execute and deliver, or cause to be executed and delivered, all such certificates, instructions and other documents, in order to effect the issuance of ADSs (free of any restrictive legend) no later than July [29], 2020 against deposit of the Ordinary Shares held by the Investor with The Bank of New York Mellon, as depositary (the "**Depositary**").

In consideration of the foregoing and the mutual promises, covenants and agreements of the parties contained herein, the Investor hereby agrees that, without the prior written consent of the Company, it will not, during the period commencing on the date on which all of the Ordinary Shares held by the Investor are converted into ADSs (such ADSs, the "**Lock-Up Securities**") and ending at the earlier of (x) the Mandatory Conversion Date (as defined in section 3(b) of the convertible note to be issued by the Company on or about July [29], 2020 or (y) March 31, 2021 (the "**Lock-Up Period**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, make any short sale, or otherwise transfer or dispose of, directly or indirectly, any Lock-Up Securities, by the Investor or any other securities so owned convertible into or exercisable or exchangeable for the Lock-Up Securities or publicly disclose the intention to do any of the foregoing, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Lock-Up Securities or such other securities, in cash or otherwise, or (3) publicly disclose the intention to do any of the foregoing. The foregoing restrictions are expressly agreed to preclude the Investor from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Investor's Lock-Up Securities even if such sale or disposition would be conducted by someone other than the Investor. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Investor's Lock-Up Securities or with respect to any security that includes, relates to, or derives any significant part of its value from the Investor's Lock-Up Securities.

Each party hereto represents and warrants that it has full power and authority to enter into this Lock-up Agreement. All authority herein conferred or agreed to be conferred and any obligations of a party shall be binding upon the successors, assigns, heirs or personal representatives of such party.

This Lock-up Agreement and any claim, controversy or dispute arising under or related to this Lock-up Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to the conflict of laws principles thereof.

[*Signature page follows*]

Very truly yours,

SAIF IV Consumer (BVI) Limited

Name:
Title:

The Company hereby accepts and agrees to this Lock-Up Agreement on the date first written above.

Q&K International Group Limited

Name:
Title:

Exhibit 4.18

AMENDMENT NO. 1 TO THE CONVERTIBLE NOTES AND WARRANT PURCHASE AGREEMENT

This Amendment No. 1 (the "Amendment") to the Convertible Notes and Warrant Purchase Agreement dated July 22, 2020 (the "Agreement") is made as of July 29, 2020 by and among:

(1) Key Space (S) Pte Ltd, a company organized and existing under the laws of Singapore (the "Purchaser"); and

(2) Q&K International Group Limited, a company incorporated under the laws of the Cayman Islands and listed on NASDAQ under ticker symbol of QK (the "Issuer").

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

RECITALS

I. WHEREAS, Section 12 (g) of the Agreement provides that any term of the Agreement may be amended or waived only with the written consent of each party thereto; and

II. WHEREAS, the Purchaser has requested and the Issuer has agreed, consistent with the provisions of Section 12 (g) of the Agreement, to amend the Agreement as set forth herein;

AGREEMENT

In consideration of the premises, the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Amendment hereby agree as follows:

1. **Amendment to Section 1 (a).** Section 1 (a) of the Agreement is hereby deleted in its entirety and replaced to read as follows:

> "(a) **Sale and Issuance of the Initial Note**. Subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase at its sole discretion, and the Issuer agrees to sell and issue to the Purchaser the initial Series 1 Note in the principal amount of US$6,777,273 and the initial Series 2 Note in the principal amount of US$16,040,727 (collectively, the "Initial Note") at the Initial Closing Date (as defined below). The purchase price of the Initial Note shall be equal to 100% of the aggregate principal amount of the Initial Note (the "Initial Note Purchase Price")."

2. **Amendment to Section 4 (g).** Section 4 (g) of the Agreement is hereby deleted in its entirety and replaced to read as follows:

> "(g) [Reserved]."

3. **Amendments.** Except as specifically amended hereby, the Agreement shall continue in full force and effect in accordance with the provisions thereof. All references in any other agreement or document to the Agreement shall, on and after the date hereof, be deemed to refer to the Agreement as amended hereby.

4. **Miscellaneous**.

(a) **Governing Law**. This Amendment will be governed by and construed in accordance with the laws of the State of New York without regard to any conflicts of laws, provisions thereof that would otherwise require the application of the law of any other jurisdiction.

(b) **Jurisdiction**. The parties irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York, over any suit, action, or proceeding arising out of or relating to this Amendment. The parties irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding brought in such a court and any claim that suit, action, or proceeding has been brought in an inconvenient forum. The parties agree that the service of process upon it mailed by certified or registered mail (and service so made shall be deemed complete three Business Days after the same has been posted as aforesaid) or by personal service shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Nothing herein shall affect the other party's right to serve process in any other manner permitted by law. The parties agree that a final non-appealable judgement in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

(c) **Counterparts.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

[Remainder of this page is intentionally left blank]

The parties have executed this Amendment as of the date first written above.

ISSUER:

Q&K International Group Limited

By: /s/ Zhichen Sun
Name: Zhichen Sun
Title: Chief Financial Officer

Attention: ZHICHEN SUN
Address: Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China
Telephone: +13671838929
E-mail: frank@qk365.com

The party have executed this Amendment as of the date first written above.

PURCHASER:

Key Space (S) Pte Ltd

By: /s/ Lawrence Lim
Name: Lawrence Lim
Title: Director

Attention: Lawrence Lim
Address: 1 Temasek Avenue #20-01
Millenia Tower Singapore 039192
Telephone: +65 6511 3088
Facsimile: +65 6223 5992
E-mail: llim@cgcm.com

Exhibit 4.19

Execution Version

CONVERTIBLE NOTES AND WARRANT PURCHASE AGREEMENT

This Convertible Notes and Warrant Purchase Agreement (the "Agreement") is made as of July 22, 2020 by and among:

(1) Veneto Holdings Ltd., a company organized and existing under the laws of Cayman Islands (the "Purchaser"); and

(2) Q&K International Group Limited, a company incorporated under the laws of the Cayman Islands and listed on NASDAQ under ticker symbol of QK (the "Issuer").

RECITALS

I. The Issuer desires to issue and sell, and the Purchaser desires to purchase, certain convertible notes (the "Notes" the form of which is attached to this Agreement as Exhibit A, together with this Agreement and the Notes, the "Note Documents") in the principal amount of US$7,232,000 and certain Warrants (as defined below the form of which is attached to this Agreement as Exhibit B, together with the Note Documents, the "Transaction Documents") in accordance with the terms and conditions of this Agreement.

II. The Notes shall be convertible on the terms stated therein into the Issuer's American Depositary Shares (the "ADSs", each ADS represents 30 class A ordinary shares of the Issuer (the "Class A Ordinary Shares")). The Notes and the ADSs issuable upon conversion thereof are collectively referred to herein as the "Securities".

AGREEMENT

In consideration of the premises, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. **Purchase and Sale of the Notes**.

(a) **Sale and Issuance of the Initial Note**. Subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase, and the Issuer agrees to sell and issue to the Purchaser the Series 1 Note in the principal amount of US$7,232,000 (the "Initial Note") at the Initial Closing Date (as defined below). The purchase price of the Initial Note shall be equal to 100% of the principal amount of the Initial Note (the "Initial Note Purchase Price").

(b) **Closing and Delivery of the Initial Note**.

(i) Subject to satisfaction of the conditions to closing set forth in Section 6 hereof, on July 29, 2020 in the Issuer's office in Shanghai, or at such other time and place as the Issuer and the Purchaser shall mutually agree in writing (which time and place are designated as the "Initial Closing Date"), the Issuer shall deliver to the Purchaser the Initial Note dated the date of the Initial Closing Date against payment by the Purchaser of the Initial Note Purchase Price to the Issuer or its order by wire transfer of immediately available funds to the following bank account designated by the Issuer:

Beneficiary:	Q&K International Group Limited
Account Number:	3301308228
Bank:	Silicon Valley Bank
Bank's Address:	3003 TASMAN DRIVE,SANTA CLARA,CA 95054
Swift Code:	SVBKUS6S

(c) **[Reserved]**.

(d) **Closing**. "Business Day" means, with respect to this Agreement, any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the People's Republic of China (which for the purpose of this Agreement excludes Hong Kong SAR, Macau SAR and Taiwan), Singapore, Hong Kong or New York. Each Initial Closing Date is referred to as a "Closing".

2. **Issue of Warrants**.

(a) **Key Terms of Warrants**. Subject to the terms and conditions of this Agreement and in consideration of the Purchaser's purchase of the Initial Note and payment of the Initial Note Purchase Price, the Issuer agrees to issue the warrants to subscribe and purchase ADSs (the "Warrant"), substantially in the form attached to this Agreement as Exhibit B, with the following key terms and in accordance with the schedule of issuance below:

(i) The exercise price per ADS under each Warrant, subject to adjustment as described in the Warrant shall be one hundred and ten percent (110)% of the 60-Trading Day VWAP (as defined in the Warrant) of the ADSs as of the issuance date of such Warrant (the "Exercise Price").

(ii) The exercise period of each Warrant shall be five (5) years after the issuance date of such Warrant.

(b) **Schedule of Issuance**. The Warrants shall be issued according to the following schedule:

(i) On the Initial Closing Date, the Issuer shall issue to the Purchaser Warrant to purchase at the Exercise Price such number of ADSs equal to 4% of the Initial Note Purchase Price divided by the Exercise Price;

(ii) On the first anniversary of the Initial Closing Date, the Issuer shall issue to the Holder of the Note as of such first anniversary date Warrant to purchase at the Exercise Price such number of ADSs equal to 4% of the total outstanding principal amount of the Notes owned by such Holder as of such first anniversary date divided by the Exercise Price;

(iii) On the second anniversary of the Initial Closing Date, the Issuer shall issue to the Holder of the Note as of such second anniversary date Warrant to purchase at the Exercise Price such number of ADSs equal to 6% of the total outstanding principal amount of the Notes owned by such Holder as of such second anniversary date divided by the Exercise Price;

(iv) On the third anniversary of the Initial Closing Date, the Issuer shall issue to the Holder of the Note as of such third anniversary date Warrant to purchase at the Exercise Price such number of ADSs equal to 7% of the total outstanding principal amount of the Notes owned by such Holder as of such third anniversary date divided by the Exercise Price; and

(v) On the fourth anniversary of the Initial Closing Date, the Issuer shall issue to the Holder of the Note as of such fourth anniversary date Warrant to purchase at the Exercise Price such number of ADSs equal to 8% of the of the total outstanding principal amount of the Notes owned by such Holder as of such fourth anniversary date divided by the Exercise Price.

Notwithstanding the above, in the event of a Mandatory Conversion, the Warrants to be issued upon the next anniversary of the Initial Closing Date will be issued to the Holder of the Note subject of the Mandatory Conversion upon the completion of the Mandatory Conversion. For the avoidance of the doubt, each of the Notes and Warrants once issued, are separate obligations of the Issuer. Under this Agreement, Holder refers to the holder of the Note as registered in the records of the Issuer.

3. **Representations and Warranties of the Issuer**. The Issuer hereby represents and warrants to the Purchaser that:

(a) **Incorporation, Good Standing and Qualification**. Each of the Issuer and its Significant Subsidiaries (as defined below) is a corporation duly incorporated, validly existing and in good standing under the laws of the place of its incorporation or establishment and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted. Each of the Issuer and its Significant Subsidiaries is duly qualified to transact business and is in good standing in each jurisdiction in which the failure so to qualify would have a material adverse effect on its business or properties.

(b) **Authorization**. The Transaction Documents and the transactions contemplated hereunder and thereunder have been duly authorized by the Issuer. Each Transaction Document, when executed and delivered by the Issuer, shall constitute valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with its terms except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies. Without limiting the generality of the foregoing, as of each Closing, no approval by the shareholders of the Issuer is required in connection with this Agreement or other Transaction Documents, the performance by the Issuer of its obligations hereunder or thereunder, or the consummation by the Issuer of the transactions contemplated hereby or thereby, except for those that have been obtained, waived or exempted at or prior to each Closing.

(c) **No Contravention**. None of the execution and the delivery of this Agreement and other Transaction Documents, nor the consummation of the transactions contemplated hereby or thereby, will (i) violate any provision of the organizational documents of the Issuer, (ii) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Issuer is subject, or (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of any Encumbrances (as defined below) under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound or to which any of the Issuer's or any of its Subsidiaries' assets are subject, except, in the case of (ii) and (iii) above, for such conflicts, breach, defaults, rights or violations, which would not reasonably be expected to result in a Material Adverse Effect. There is no action, suit or proceeding, pending or, to the knowledge of the Issuer, threatened against the Issuer that questions the validity of the Transaction Documents or the right of the Issuer to enter into this Agreement or to consummate the transactions contemplated hereby or thereby. "Material Adverse Effect" with respect to a party shall mean any event, fact, circumstance or occurrence that, individually or in the aggregate with any other events, facts, circumstances or occurrences, results in or would reasonably be expected to result in a material adverse change in or a material adverse effect on (i) the financial condition, assets, liabilities, results of operations, business or operations of such party or its Subsidiaries taken as a whole, or (ii) the ability of such party to consummate the transactions contemplated by the Transaction Documents and to timely perform its obligations hereunder and thereunder, except to the extent that any such material adverse effect results from (a) changes in generally accepted accounting principles that are generally applicable to comparable companies (to the extent not materially disproportionately affecting such party or its Subsidiaries), (b) changes in general economic and market conditions and capital market conditions or changes affecting any of the industries in which such party or its Subsidiaries operate generally (in each case to the extent not materially disproportionately affecting such party or its Subsidiaries), (c) the announcement or disclosure of this Agreement or any other Transaction Document or the consummation of the transactions hereunder or thereunder, or any act or omission required or specifically permitted by this Agreement and/or any other Transaction Document; (d) any pandemic, earthquake, typhoon, tornado or other natural disaster or similar force majeure event, (e) in the case of the Issuer, any failure to meet any internal or public projections, forecasts, or guidance, or (f) in the case of the Issuer, any change in the Issuer's stock price or trading volume, in and of itself; provided, however, that the underlying causes giving rise to or contributing to any such change or failure under sub-clause (e) or (f) shall not be excluded in determining whether a Material Adverse Effect has occurred except to the extent such underlying causes are otherwise excluded pursuant to any of sub-clauses (a) through (d).

(d) **Litigation**. There are no pending or, to the knowledge of the Issuer, threatened material actions, claims, demands, investigations, examinations, indictments, litigations, suits or other criminal, civil or administrative or investigative proceedings before or by any United States or non-United States federal, national, supranational, state, provincial, local or similar government, governmental, regulatory or administrative authority, branch, agency or commission or any court, tribunal, or arbitral or judicial body (including any grand jury) (each, a "Governmental Authority") or by any other person against the Issuer or any of its Subsidiaries or any proceedings that seek to restrain or enjoin the consummation of the transactions under the Transaction Documents, except proceedings that would not reasonably be expected to result in a Material Adverse Effect.

(e) **Valid Issuance of the Notes**. The Notes, when issued and delivered by the Issuer, will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* with all other present and future unconditional and unsubordinated obligations of the Issuer (other than those preferred by applicable law that are mandatory and of general application).

(f) **Conversion Shares and Warrant Shares**. The ADSs (and the Class A Ordinary Shares underlying such ADSs) to be issued upon conversion of the Note ("Conversion Shares") and the ADSs (and the Class A Ordinary Shares underlying such ADSs) to be issued pursuant to the exercise of the Warrant ("Warrant Shares") have been duly and validly authorized for issuance by the Issuer and, when issued and delivered by the Issuer to the Purchaser in accordance with the terms of the Note Documents and Warrants respectively, will be (i) duly and validly issued, fully paid and non-assessable, and rank *pari passu* with, and carry the same rights in all aspects as, the other ADSs then in issue, (ii) entitled to all dividends and other distributions declared, paid or made thereon, and (iii) free and clear of any pledge, mortgage, security interest, encumbrance, lien, charge, assessment, right of first refusal, right of pre-emption, third party right or interest, claim or restriction of any kind or nature, except for restrictions arising under the Securities Act or as disclosed in the Issuer SEC Documents or created by virtue of the transactions under this Agreement (collectively, the "Encumbrances"). Upon entry of the Purchaser into the register of the ADSs as the legal owner of the relevant Conversion Shares and/or Warrant Shares, the Issuer will transfer to the Purchaser good and valid title to such relevant Conversion Shares and/or Warrant Shares respectively, in each case free and clear of any Encumbrances. "Issuer SEC Documents" means all registration statements, proxy statements and other statements, reports, schedules, forms and other documents required to be filed or furnished by the Issuer with the SEC pursuant to the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Securities Act and all exhibits included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein, in each case, filed or furnished with the SEC prior to the date hereof.

(g) **Governmental Consents and Filings.** None of the execution and delivery by the Issuer of this Agreement or any Transaction Document, nor the consummation by the Issuer of any of the transactions contemplated hereby or thereby, nor the performance by the Issuer of this Agreement or other Transaction Documents in accordance with their respective terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the relevant Closing Date and except for any filing or notification required to made with the SEC or NASDAQ regarding the execution of the Transaction Documents, issuance of the Notes, ADSs, the Conversion Shares or the Warrant Shares.

(h) **Full Disclosure.** No SEC Disclosure contains any untrue statement of material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they were made, not misleading in any material respect. SEC Disclosure means the annual report for the fiscal year ended September 30, 2019 on Form 20-F filed with the SEC on February 18, 2020, as amended on February 21, 2020 and current reports on Form 6-K dated March 23, 2020, May 6, 2020, and June 12, 2020 that were furnished with the SEC.

(i) **Compliance with Laws**. The business of the Issuer and its Subsidiaries is not being conducted, and has not been conducted at any time during the three years prior to the date hereof, in violation of any applicable law (including, without limitation, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act 2010 and the PRC anti-bribery laws, in each case as supplemented, amended, re-enacted or replaced from time to time) or government order applicable to the Issuer in any material respect, except such violation that would not reasonably be expected to result in a Material Adverse Effect. Except as disclosed in the Issuer SEC Documents, the Issuer and each of its Subsidiaries have all permits, licenses, authorizations, consents, orders and approvals in material respects (collectively, "Permits") that are required in order to carry on their business as presently conducted. Except as disclosed in the Issuer SEC Documents, all such Permits are in full force and effect and, to the knowledge of the Issuer, no suspension or cancellation of any of them is threatened. The Issuer has complied with the applicable listing and corporate governance rules and regulations of the NASDAQ in all material respects. The Issuer and its Subsidiaries have taken no action designed to, or reasonably likely to have the effect of, delisting the ADSs from the NASDAQ. There are no proceedings pending or, to the Issuer's knowledge, threatened against the Issuer relating to the continued listing of the ADSs on NASDAQ and the Issuer has not received any notification that the SEC or the NASDAQ is contemplating suspending or terminating such listing (or the applicable registration under the Exchange Act related thereto).

(j) **Capitalization.**

(i) The authorized share capital of the Issuer consists of 37,500,000,000 Class A Ordinary Shares, 2,500,000,000 Class B Ordinary Shares, and 10,000,000,000 Preferred Shares, of which 1,065,292,221 Class A Ordinary Shares and 370,718,629 class B ordinary shares of the Issuer are issued and outstanding as of the date hereof. As of the date of this Agreement, 60,389,549 class B ordinary shares are reserved and available for issuance pursuant to the ESOP. Except securities that the Issuer have issued or may issue under the Transaction Documents, 2019 share incentive plan, Stock Options A and Stock Options B of the Issuer as disclosed in the Issuer SEC Documents, the Issuer has no outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Issuer on any matter. All issued and outstanding Class A Ordinary Shares have been duly authorized and validly issued and are fully paid and non-assessable, are free of preemptive rights and were not issued in violation of any preemptive right, resale right, right of first refusal, or similar right and the ADSs issued as of the date of this Agreement have been duly listed and admitted and authorized for trading on the NASDAQ.

(ii) Except as set forth above in this Section, there are no outstanding (A) shares or voting securities of the Issuer, (B) securities of the Issuer convertible into or exchangeable for shares or voting securities of the Issuer or (C) preemptive or other outstanding rights, options, warrants, conversion rights, "phantom" stock rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate the Issuer to issue or sell any shares or other securities of the Issuer or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, any securities of the Issuer, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

(iii) All outstanding shares or other securities or ownership interests in the Subsidiaries are duly authorized, validly issued, fully paid and non-assessable and except as disclosed in the Issuer SEC Documents, all such shares or other securities or ownership interests in any Subsidiary (except for any Subsidiary which is a variable interest entity over which the Issuer or any of its Subsidiaries effects control pursuant to the Control Contracts (as defined below)) are owned, directly or indirectly, by the Issuer free and clear of any Encumbrance.

(k) **SEC Matters**. The Issuer has filed or furnished, as applicable, on a timely basis, all registration statements, proxy statements and other documents required to be filed or furnished by it with the SEC, including the Issuer SEC Documents. None of the Subsidiaries is required to file periodic reports with the SEC pursuant to the Exchange Act. As of their respective effective dates (in the case of the Issuer SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) or as of their respective SEC filing dates (in the case of all other Issuer SEC Documents), or in each case, if amended prior to the date hereof, as of the date of the last such amendment: each of the Issuer SEC Documents complied in all material respects with the applicable requirements of the Securities Act or the Exchange Act and the Sarbanes-Oxley Act of 2002, as amended, and any rules and regulations promulgated thereunder applicable to the Issuer SEC Documents (as the case may be), except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Issuer SEC Documents based upon information relating to any underwriter furnished to the Issuer in writing by such underwriter through representatives expressly for use therein.

(l) **Financial Statements**.

(i) The financial statements (including any related notes) contained in the Issuer SEC Documents, as of their respective effective dates (in the case of the Issuer SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) or as of their respective SEC filing dates (in the case of all other Issuer SEC Documents): (A) complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, (B) were prepared in accordance with U.S. GAAP applied on a consistent basis throughout the periods covered thereby (except (a) as may be otherwise specifically provided in such financial statements or the notes thereto, or (b) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed to summary statements) and (C) fairly present in all material respects the consolidated financial position of the Issuer and the Subsidiaries as of the respective dates thereof and the consolidated results of operations and cash flows of the Issuer and its Subsidiaries for the periods covered thereby (other than as may have corrected or clarified in a subsequent Issuer SEC Document), in each case except as disclosed therein and as permitted under the Exchange Act.

(ii) Neither the Issuer nor any of its Subsidiaries is a party to, nor has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar contract, agreement, arrangement or undertaking (including any contract, agreement, arrangement or undertaking relating to any transaction or relationship between or among one or more of the Issuer and/or any of its Subsidiaries, on the one hand, and any unconsolidated affiliate, as defined in Rule 405 under the Securities Act (the "Affiliate"), including any structured finance, special purpose or limited purpose entity or Person, on the other hand), or any "off-balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K promulgated by the SEC), where the result, purpose or intended effect of such contract, agreement, arrangement or undertaking is to avoid disclosure of any material transaction involving, or material liabilities of, the Issuer or any of the Subsidiaries in the Issuer's or such Subsidiary's published financial statements or other Issuer SEC Documents.

(m) **Internal Control and Procedures**. The Issuer has established and maintains a system of internal control over financial reporting (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act) sufficient to provide reasonable assurance regarding the reliability of financial reporting, including policies and procedures that (A) mandate the maintenance of records that in reasonable detail accurately and fairly reflect the material transactions and dispositions of the assets of the Issuer, (B) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Issuer are being made only in accordance with appropriate authorizations of management and the board of directors of the Issuer and (C) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Issuer. Save as disclosed in the Issuer SEC Documents, there are no material weaknesses or significant deficiencies in the Issuer's internal controls. The Issuer's auditors and the audit committee of the board of directors of the Issuer have not been advised of any fraud, whether or not material, that involves management or other employees who have a significant role in the Issuer's internal controls over financial reporting. Since September 30, 2019, except as disclosed in the Issuer SEC Documents, there has been no change in the Issuer's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting, except for the implementation of certain measures to address the material weaknesses in the Issuer's internal control over financial reporting that has been disclosed in the Issuer SEC Documents.

(n) **No Undisclosed Liabilities**. Except as disclosed in the Issuer SEC Documents, there are no liabilities of the Issuer or any Subsidiary of any kind, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than: (i) liabilities reflected on, reserved against, or disclosed in the Issuer's audited consolidated balance sheet as of September 30, 2019, (ii) liabilities incurred in the ordinary course of business consistent with past practices, (iii) any other undisclosed liabilities that are not material to the Issuer and its Subsidiaries on a consolidated basis, and (iv) any liabilities incurred as a result of the Issuer's performing the transactions contemplated by any Transaction Document. There are no unconsolidated Subsidiaries of the Issuer or any off-balance sheet arrangements of any type (including any off-balance sheet arrangement required to be disclosed pursuant to Item 303(a)(4) of Regulation S-K promulgated under the Securities Act) that have not been so described in the Issuer SEC Documents nor any obligations to enter into any such arrangements.

(o) **Investment Company**. The Issuer is not and, after giving effect to the offering and sale of the Securities, the consummation of the offering and the application of the proceeds hereof, will not be an "investment company," as such term is defined in the U.S. Investment Company Act of 1940, as amended.

(p) **No Registration**. Assuming the accuracy of the representations and warranties set forth in Section 4 of this Agreement, it is not necessary in connection with the issuance and sale of the Securities (and, when issued, the Conversion Shares and the Warrant Shares) to register the Securities (and, when issued, the Conversion Shares and the Warrant Shares) under the Securities Act or to qualify or register them under applicable U.S. state securities laws. No directed selling efforts (as defined in Rule 902 of Regulation S under the Securities Act) have been made by any of the Issuer, any of its Affiliates or any person acting on its behalf with respect to any Securities; and none of such persons has taken any actions that would result in the sale of the Securities to the Purchaser under this Agreement requiring registration under the Securities Act; and the Issuer is a "foreign issuer" (as defined in Regulation S).

(q) **Absence of Changes**. Since September 30, 2019, except as disclosed in the Issuer SEC Documents, the Issuer and its Subsidiaries have conducted their business in the ordinary course of business consistent with past practice and there has not been

(i) any declaration, setting aside or payment of any dividend or other distribution with respect to any securities of the Issuer or any of its Subsidiaries (except for dividends or other distributions by any Subsidiary to the Issuer or to any of the Issuer's wholly owned Subsidiaries);

(ii) any issuances or sales of shares of capital stock or other securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, any securities of the Issuer or any of its Subsidiaries or any redemption, share splits, reclassifications, share dividends, share combinations or other recapitalizations of any such securities other than pursuant to any employee benefit plan effective as at the date of this Agreement;

(iii) any amendment to the constitutional documents of the Issuer;

(iv) any redemption or repurchase of any equity securities of the Issuer; or

(v) any entry into any contract, agreement, instrument or other document in respect of any of the foregoing.

(r) **Contracts**. The Issuer has filed as exhibits to the Issuer SEC Documents all contracts, agreements and instruments (including all amendments thereto) to which the Issuer or any of its Subsidiaries is a party or by which it is bound and which is material to the business of the Issuer and its Subsidiaries, taken as a whole, and are required to be filed as an exhibit to the Issuer SEC Documents pursuant to Item 601(b)(4) or Item 601(b)(10) of Regulation S-K promulgated by the SEC(the "Material Contracts"). Each Material Contract is in full force and effect and, to the knowledge of the Issuer, enforceable against the counterparties of the Issuer or the Subsidiaries party thereto, except for the contracts and agreements that have already expired pursuant to the terms therein (which for the avoidance of doubt excludes those contracts or agreements that had been terminated by the other party thereto for cause) or amendments thereto. The Issuer and its Subsidiaries and, to the knowledge of the Issuer, each other party thereto, are not in default under, or in breach or violation of, any Material Contract, in all material respects. To the Issuer's knowledge, no event, fact or circumstance has occurred that will have or is reasonably expected to have a material adverse impact on the renewal or extension of any Material Contract.

(s) **Intellectual Property**. All registered or unregistered, (i) patent rights (including any divisions, continuations, continuations-in-part, reissues, reexaminations and interferences thereof); (ii) trademarks, trade names, brand names, logos and corporate names and all goodwill related thereto; (iii) copyrights; (iv) trade secrets, know-how, inventions, processes, procedures, databases, confidential business information and other proprietary information and rights; (v) computer software programs, including all source code, object code, specifications, designs and documentation related thereto; and (vi) domain names, Internet addresses and other computer identifiers, in each case that is material to the business of the Issuer or any of its Subsidiaries as currently being conducted (the "Intellectual Property") is either (a) owned by the Issuer or one or more of its Subsidiaries or (b) is used by the Issuer or one or more of its Subsidiaries pursuant to a valid license. To the knowledge of the Issuer, there are no material infringements or other material violations of any Intellectual Property owned by the Issuer or any of its Subsidiaries by any third party. The Issuer and its Subsidiaries have taken all necessary actions to maintain and protect each item of Intellectual Property. The conduct of the business of the Issuer and its Subsidiaries does not infringe or otherwise violate any intellectual property or other proprietary rights of any other person in material respects, and there is no action pending or, to the knowledge of the Issuer, threatened alleging any such infringement or violation or challenging the Issuer's or any of its Subsidiaries' rights in or to any Intellectual Property which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(t) **Employment Matters.**

(i) Neither the Issuer nor any of its Significant Subsidiaries is a party to or bound by any collective bargaining agreement or other labor union contract applicable to persons employed by the Issuer or any of its Significant Subsidiaries. There are no unfair labor practice complaints pending, or to the knowledge of the Issuer, threatened, against the Issuer or any of its Significant Subsidiaries before any Governmental Authority. Except as disclosed in the Issuer SEC Documents, each of the Issuer and its Subsidiaries complies with all applicable laws relating to employment and employment practices (including without limitation, terms and conditions of employment, termination of employment, mandatory severance benefits, pension programs, social insurance programs, employee health and safety, equal employment, employment of veterans and the handicapped, and prohibition of discrimination) in all material aspects. There is no material claim with respect to payment of wages, salary, overtime pay, withholding individual income taxes, social security fund or housing fund that has been asserted and is now pending or, to the knowledge of the Issuer, threatened before any Governmental Authority with respect to any persons currently or formerly employed by the Issuer or any of its Significant Subsidiaries.

(ii) Each employee benefit plan is in compliance in all material respects with its terms and the requirements of all applicable laws. All employer and employee contributions to any employee benefit plan required by the terms of such employee benefit plan or by the applicable laws have been made, or, if applicable, accrued in accordance with normal accounting practices and in compliance in all material respects with its terms and the requirements of all applicable laws.

(u) **Tax Status**. Except as disclosed in the Issuer SEC Documents, the Issuer and each of its Subsidiaries (i) has made or filed in the appropriate jurisdictions all material foreign, federal and state income and all other tax returns required to be filed or maintained in connection with the calculation, determination, assessment or collection of any and all federal, state, local, foreign and other taxes, levies, fees, imposts, duties, governmental fees and charges of whatever kind (including any interest, penalties or additions to the tax imposed in connection therewith or with respect thereto) (each a "Tax"), including all amended returns required as a result of examination adjustments made by any Governmental Authority responsible for the imposition of any Tax (collectively, the "Returns"), and such Returns are true, correct and complete in all material respects, and (ii) has paid all material Taxes and other governmental assessments and charges shown or determined to be due on such Returns, except those being contested or will be contested in good faith. Except as disclosed in the Issuer SEC Documents, neither the Issuer nor any of its Subsidiaries has received notice regarding unpaid foreign, federal and state income in any amount or any Taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the Issuer is not aware of any reasonable basis for such claim. No Returns filed by or on behalf of the Issuer or any of its Subsidiaries with respect to material Taxes are currently being audited, and neither the Issuer nor any of its Subsidiaries has received notice of any such audit.

(v) **Tax Election**. No Tax elections under the income tax laws of the United States have been made with respect to the Issuer or any of its Subsidiaries. None of the Issuer or any of its Subsidiaries is, or is at risk of being or becoming, classified as a "passive foreign investment company" or a "controlled foreign corporation" for United States federal income tax purposes.

(w) **Solvency**. Both before and after giving effect to the transactions contemplated by this Agreement and other Transaction Documents, each of the Issuer and its Subsidiaries (i) will be solvent (in that both the fair value of its assets will not be less than the sum of its debts and that the present fair saleable value of its assets will not be less than the amount required to pay its probable liability on its recourse debts as they mature or become due) and (ii) will have adequate capital and liquidity with which to engage in the their businesses as currently conducted and as described in the Issuer SEC Documents.

(x) **Variable Interest Entities**. The Issuer controls its variable interest entity, Shanghai Qingke E-commerce Co., Ltd, through a series of contractual arrangements ("Control Contracts"), and there is no enforceable agreement or understanding to rescind, amend or change the nature of such captive structure or the terms of the Control Contracts.

(y) **Environment**. Except as disclosed in the Issuer SEC Documents, each of the Issuer and its Subsidiaries (i) has at all times complied and are presently in compliance with all applicable environmental laws in the PRC in all material respects; (ii) has not received any notice, demand, claim, letter or request for information, relating to any alleged violation of Environmental Law, or otherwise identifies an environmental concern, health and safety concern or any other concern relating to the security and protection of people, property, flora and fauna relating thereto; (iii) possesses all approvals, consents or authorizations required under Environmental Laws for its business as presently conducted and there are no circumstances that could reasonably be expected to result in any such approvals, consents or authorizations being revoked, terminated, revised, amended or not renewed in the ordinary course of its business. There has been no incident of any occupational disease incurred by any employees of the Issuer or any of its Subsidiaries due to harmful factors present in their working environment or the nature of their work, and there are no other circumstances or conditions.

For the purpose of this Agreement, the Issuer and its Subsidiaries are collectively referred to as the "Group Companies" and each a "Group Company"; "Subsidiary" means, with respect to any given Person, any Person of which the given Person, directly or indirectly, Controls, including but not limited through the ownership of more than 50% of the issued and outstanding share capital, voting interests or registered capital and, for the avoidance of doubt, "Subsidiaries" includes any variable interest entity over which the Issuer or any of its Subsidiaries effects control pursuant to contractual arrangements and which is consolidated with the Issuer in accordance with general accepted accounting principles applicable to the Issuer and any Subsidiaries of such variable interest entity; "Significant Subsidiary" means a Subsidiary of the Issuer that meets the definition of "significant subsidiary" in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act; "Person" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person; and "Controls" means the possession, direct or indirect, of the power or authority to direct, or cause the direction of, the management and policies of a Person, whether through the ownership of voting securities, by Contract or otherwise; for the avoidance of doubt, such power or authority shall conclusively be presumed to exist by possession of (i) the beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person, or (ii) the power to appoint or elect a majority of the members of the board of directors of such Person.

4. **Representations and Warranties of the Purchaser.** The Purchaser hereby represents and warrants to the Issuer that:

(a) **Authorization**. It has full power and authority to enter into this Agreement. This Agreement, when executed and delivered by the Purchaser, will constitute a valid and legally binding obligation of the Purchaser, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of a specific performance, injunctive relief, or other equitable remedies.

(b) **Purchase Entirely for Own Account.** The Purchaser is acquiring the Securities and the Warrants pursuant to this Agreement for investment for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof in a manner that would violate the registration requirements of the Securities Act.

(c) **Legend**. The Purchaser understands that the certificate representing the Notes will bear a legend to the following effect:

"THIS NOTE AND THE SECURITIES REPRESENTED HEREBY WERE ISSUED IN AN OFFSHORE TRANSACTION TO PERSONS WHO WERE NOT U.S. PERSONS AND WERE NOT PURCHASING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS PURSUANT TO REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). ACCORDINGLY, THIS NOTE AND THE SECURITIES REPRESENTED HEREBY (INCLUDING AMERICAN DEPOSITARY SHARES OR ORDINARY SHARES ISSUABLE UPON CONVERSION HEREOF) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR UNDER ANY OTHER SECURITIES LAWS. THIS NOTE AND THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS. PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THIS SECURITY AND THE CLOSING DATE (THE "DISTRIBUTION COMPLIANCE PERIOD"), THE NOTE AND THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT

(1) TO THE COMPANY OR ANY SUBSIDIARY THEREOF;

(2) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT;

(3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OF THE COMPANY THAT COVERS THE RESALE OF THE NOTE OR SECURITIES REPRESENTED HEREBY; OR

(4) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. EACH HOLDER, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS THAT (A) IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS AND (B) IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT."

(d) **Private Placement**. The Purchaser understands that (a) the Notes and the Warrants have not been registered under the Securities Act or any state securities laws, by reason of its issuance by the Issuer in a transaction exempt from the registration requirements thereof and (b) the Notes and the Warrants may not be sold unless such disposition is registered under the Securities Act and applicable state securities laws or is exempt from registration thereunder.

(e) **Regulation S**. The Purchaser is not a "U.S. person" as defined in Rule 902 of Regulation S.

(f) **Offshore Transaction**. The Purchaser has been advised and acknowledges that in issuing the Notes and the Warrants to the Purchaser pursuant hereto, the Issuer is relying upon the exemption from registration provided by Regulation S. The Purchaser is acquiring the Notes and the Warrants in an offshore transaction in reliance upon the exemption from registration provided by Regulation S.

(g) **Non-affiliate.** The Purchaser is not an "affiliate" of the Issuer as such term is defined in Rule 405 under the Securities Act.

(h) **Information**. To the extent deemed appropriate by the Purchaser, the Purchaser has consulted with its own advisers as to the financial, tax, legal and related matters concerning an investment in the Notes and the Warrants.

5. **Conditions of the Purchaser's Obligations at Closing.** The obligations of the Purchaser to purchase each Note under this Agreement are subject to the fulfillment, on or before the corresponding Closing, of each of the following conditions, unless otherwise waived in writing by the Purchaser:

(a) **Representations and Warranties**. The representations and warranties of the Issuer contained in Section 3 hereof shall be true, correct and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing.

(b) **Qualifications**. All authorizations, approvals or permits, if any, of any federal or state governmental authority or regulatory body or of any other person that are required in connection with the lawful issuance and sale of the Note pursuant to this Agreement shall be obtained and effective as of the Closing.

(c) The Issuer shall have performed and complied with all, and not be in breach or default in under any agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date in all material aspects.

(d) There shall have been no Material Adverse Effect with respect to the Issuer.

(e) All corporate and other actions required to be taken by the Issuer in connection with the issuance and sale of the Securities and the Issuer's execution, delivery and performance of this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby shall have been completed.

(f) The Purchaser shall have received an opinion, dated the Initial Closing Date, of Conyers Dill & Pearman, Cayman counsel to the Issuer, in form and substance reasonably satisfactory to the Purchaser.

(g) The Purchaser shall have received lock-up letters signed by CHENGBOHAN INC., CP QK Singapore Pte Ltd., Foresight (International) Investment (Consulting) Co., Ltd, FORTUNEVC SH Holding INC., FORTUNEVC XM Holding INC., NEWSION ONE INC., NEWSION TWO INC., North Haven Private Equity Asia Harbor Company Limited, XIAOBING Holding INC., YOUZHEN INC., and SAIF IV Consumer (BVI) Limited.

(h) The Issuer shall have duly executed and delivered each Transaction Document to which it is a party to the Purchaser at or prior to Closing.

The Purchaser shall have received a certificate signed by a director or officer of the Issuer confirming the satisfaction of this Section 5.

6. **Conditions of the Issuer' Obligations at the Closing.** The obligations of the Issuer to the Purchaser under this Agreement are subject to the fulfillment, on or before the Closing, as applicable, of each of the following conditions, unless otherwise waived in writing by the Issuer:

(a) **Representations and Warranties**. The representations and warranties of the Purchaser contained in Section 4 shall be true, correct and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

(b) **Qualifications**. All authorizations, approvals or permits, if any, of any federal or state governmental authority or regulatory body that are required in connection with the lawful issuance and sale of the Note pursuant to this Agreement shall be obtained and effective as of the Closing.

(c) The Purchaser shall have performed and complied with all, and not be in breach or default in under any agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date in all material aspects.

7. **Covenants.**

(a) Conduct of Business of the Issuer. From the date hereof until the Initial Closing Date:

(i) the Issuer shall, and the Issuer shall cause each of its Subsidiaries to (i) conduct its business and operations in the ordinary course of business consistent with past practice, and (ii) not take any action, or omit to take any action, that would reasonably be expected to make any of its representations and warranties in this Agreement untrue at, or as of any time before, the Initial Closing Date;

(ii) the Issuer shall (i) take all commercially reasonable actions necessary to continue the listing and trading of its ADSs on the NASDAQ and shall comply with the Issuer's reporting, filing and other obligations under the rules of the NASDAQ, and (ii) file with the NASDAQ a supplemental listing application in respect of the Conversion Shares and the Warrant Shares, when issued and delivered in the manner contemplated by the Initial Notes and the Warrants respectively; and

(iii) the Issuer shall promptly notify the Purchaser of any event, condition or circumstance occurring prior to the Initial Closing Date that would constitute a breach of any terms and conditions contained in this Agreement.

(b) FPI Status. Without limiting the generality of the foregoing, the Issuer shall promptly after the date hereof and reasonably prior to the Initial Closing Date take all necessary or desirable actions required to duly and validly rely on the exemption for foreign private issuers from applicable rules and regulations of the NASDAQ with respect to corporate governance to rely on "home country practice" in connection with the transactions contemplated hereunder (including an exemption from any NASDAQ rules that would otherwise require seeking shareholder approval in respect of such transactions), including without limitation, to the extent necessary, making disclosures, notices and filings to or with the SEC and NASDAQ and obtaining an adequate opinion of counsel in respect of the home country practice exemption. The Issuer will use commercially reasonable efforts to continue the listing and trading of its ADSs on NASDAQ and, in accordance, therewith, will use commercially reasonable efforts to comply in all respects with the Issuer's reporting, filing and other obligations under the bylaws or rules of such market or exchange, as applicable.

(c) Further Assurances. From the date of this Agreement until the Initial Closing Date, the Parties shall each use their respective reasonable best efforts to fulfill or obtain the fulfillment of the conditions precedent to the consummation of the transactions contemplated hereby and by the Transaction Documents.

(d) No Contract. Without limiting the generality of the foregoing, the Issuer agrees that from the date hereof until the Initial Closing Date, it shall not make (or otherwise enter into any contract with respect to) (x) any material change in any method of accounting or accounting practice by the Issuer or any of its Subsidiaries; (y) any declaration, setting aside or payment of any dividend or other distribution with respect to any securities of the Issuer or any of its Subsidiaries (except for dividends or other distributions by any Subsidiary to the Issuer or to any of the Issuer's Subsidiaries) or (z) any redemption, repurchase or other acquisition of any share capital of the Issuer or any of its Subsidiaries, except in each case for the avoidance of doubt as contemplated by the Transaction Documents.

(e) Reservation of Shares. The Issuer shall ensure that it has sufficient number of duly authorized Class A Ordinary Shares to comply with its obligations to issue the Conversion Shares and Warrant Shares pursuant to the Note Documents and the Warrants respectively.

(f) Use of Proceeds. Unless otherwise approved by the Purchaser, the Issuer shall use the proceeds from the issuance of the Initial Note solely for the Issuer's acquisition to acquire lease contracts with landlords and tenants and related fixtures and equipment from a rental service company.

8. **Registration Rights**. The Purchaser or the Holder, as applicable, shall have such registration rights as set forth in Exhibit C.

9. **Indemnification**.

(a) Subject to the other provisions of this Section 9, the Issuer (the "Indemnifying Party") shall, to the extent permitted by applicable law, indemnify, defend and hold harmless the Purchaser, its Affiliates, and its and its Affiliates' members, partners, managers, directors, officers, employees, advisors and agents (each, an "Indemnified Party") from and against any and all losses, liabilities, damages, claims, proceedings, costs and expenses (including reasonable attorney's fees in connection with any investigation or defense of a claim indemnifiable under this Section 9) (collectively, "Losses") resulting from or arising out of: (i) any breach or violation of, or inaccuracy in, any representation or warranty respectively made by the Indemnifying Party under this Agreement; or (ii) any breach or violation of, or failure to perform, any covenants or agreements respectively made by or on behalf of, or to be performed by, the Indemnifying Party under this Agreement.

(b) The Indemnifying Party shall not be liable for any Loss consisting of punitive damages (except to the extent that such punitive damages are awarded to a third party against an Indemnified Party in connection with a third party claim).

(c) The maximum aggregate amount of Losses that the Indemnified Parties will be entitled to recover pursuant to Section 9(a)(i) shall be limited to 100% of the principal amount of the Notes subject to the claim. Notwithstanding the foregoing or anything else to the contrary contained herein, the limitations on indemnification set forth in this Agreement (including, without limitation, the limitations set forth in this Section 9) shall not apply to any claim based on fraud, willful misrepresentation or willful misconduct of the Indemnifying Party or its Subsidiaries or Affiliates.

(d) An Indemnified Party shall not be entitled to recover from the Indemnifying Party under this Agreement more than once in respect of the same Losses suffered.

(e) In the event any Indemnified Party should have a claim against the Indemnifying Party hereunder, the Indemnified Party shall promptly transmit to the Indemnifying Party a written notice (the "Indemnity Notice") describing in reasonable detail the nature of the claim, the Indemnified Party's good faith estimate of the amount of Losses attributable to such claim and the basis of the Indemnified Party's request for indemnification under this Agreement; provided, that no failure, delay or deficiency in providing such notice shall constitute a waiver or otherwise modify the Indemnified Party's right to indemnity hereunder, except to the extent that the Indemnifying Party shall have been materially prejudiced by such failure, delay or deficiency. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from its receipt of the Indemnity Notice that the Indemnifying Party disputes such claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim.

10. **Confidentiality**. The parties acknowledge that any oral or written information exchanged among them with respect to this Agreement and implementation thereof is confidential information. The parties shall maintain the confidentiality of all such information, and without the written consent of other party, no party shall disclose any relevant information to any third party, except in the following circumstances: (i) such information is in the public domain (provided that this is not the result of a public disclosure by the receiving party in violation of its confidentiality obligation hereunder); (ii) information disclosed as required by applicable laws or rules or regulations of any stock exchange or regulator; or (iii) information required to be disclosed by any party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this section. Disclosure of any confidential information by the staff members or agency hired by any party shall be deemed disclosure of such confidential information by such party, which party shall be held liable for breach of this Agreement. This Section 10 shall survive the termination of this Agreement for any reason.

11. **Termination**.

(a) This Agreement shall automatically terminate as between the Issuer and the Purchaser upon the earliest to occur of:

(i) the written consent of each of the Issuer and the Purchaser;

(ii) the delivery of written notice to terminate by either the Issuer or the Purchaser if Initial Closing Date shall not have occurred within 3 months after the date of this Agreement; provided, however, that such right to terminate this Agreement under this Section 11(a)(ii) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the principal cause of, or shall have resulted in, the failure of the Initial Closing Date to occur on or prior to such date; or

(iii) by the Issuer or the Purchaser in the event that any Governmental Authority shall have issued a judgment or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by the Transaction Documents and such judgment or other action shall have become final and non-appealable.

(b) Upon the termination of this Agreement, this Agreement will have no further force or effect, except for the provisions of Section 10, Section 12(b), Section 12(c) and Section 12(f) hereof, which shall survive any termination under this Section 11; provided, that neither the Issuer nor the Purchaser shall be relieved or released from any liabilities or damages arising out of (i) fraud or (ii) any breach of this Agreement prior to such termination.

12. **Miscellaneous**.

(a) **Successors and Assigns**. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) **Governing Law**. Governing Law. This note will be governed by and construed in accordance with the laws of the State of New York without regard to any conflicts of laws, provisions thereof that would otherwise require the application of the law of any other jurisdiction.

(c) **Jurisdiction**. The parties irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York, over any suit, action, or proceeding arising out of or relating to this Agreement, Note or the Warrant. The parties irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding brought in such a court and any claim that suit, action, or proceeding has been brought in an inconvenient forum. The parties agree that the service of process upon it mailed by certified or registered mail (and service so made shall be deemed complete three Business Days after the same has been posted as aforesaid) or by personal service shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Nothing herein shall affect the other party's right to serve process in any other manner permitted by law. The parties agree that a final non-appealable judgement in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

(d) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(e) **Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(f) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed duly given, made or received (i) on the date of delivery if delivered in person, (ii) on the date of confirmation of receipt of transmission by facsimile or other form of electronic delivery (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or (iii) three Business Days after deposit with an internationally recognized express courier service to the respective parties hereto at such party's address or facsimile number as set forth on the signature page below or as subsequently modified by written notice.

(g) **Amendments and Waivers.** Any term of this Agreement may be amended or waived only with the written consent of each party hereto. Any amendment or waiver effected in accordance with this Section 12(g) shall be binding upon the Purchaser and each transferee of the Securities, each future holder of all such Securities, and the Issuer.

(h) **Severability.** If one or more provisions of this Agreement are held to be invalid, illegal or unenforceable under applicable law, the parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each party as close as possible to that under the provision rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

(i) **Entire Agreement.** This Agreement, the Note and the Warrants constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto are expressly canceled.

[Remainder of this page is intentionally left blank]

The parties have executed this Agreement as of the date first written above.

ISSUER:

Q&K International Group Limited

By: /s/ Zhichen Sun
Name: Zhichen Sun
Title: Chief Financial Officer

Attention: ZHICHEN SUN
Address: Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China
Telephone: +13671838929
E-mail: frank@qk365.com

The party have executed this Agreement as of the date first written above.

PURCHASER:

Veneto Holdings Ltd.

By: /s/ Danai Rojanavanichkul
Name: Danai Rojanavanichkul
Title: Director

Attention: Danai Rojanavanichkul
Address: 369 Khaosarn Alley,
Samphanthawong Sub-District
Samphanthawong District Bangkok,
Thailand
Telephone: +66 81 3483579
E-mail: danai-h@hotmail.com

EXHIBIT A

FORM OF CONVERTIBLE NOTE

THIS NOTE AND THE SECURITIES REPRESENTED HEREBY WERE ISSUED IN AN OFFSHORE TRANSACTION TO PERSONS WHO WERE NOT U.S. PERSONS AND WERE NOT PURCHASING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS PURSUANT TO REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). ACCORDINGLY, THIS NOTE AND THE SECURITIES REPRESENTED HEREBY (INCLUDING AMERICAN DEPOSITARY SHARES OR ORDINARY SHARES ISSUABLE UPON CONVERSION HEREOF) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR UNDER ANY OTHER SECURITIES LAWS. THIS NOTE AND THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS. PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THIS SECURITY AND THE CLOSING DATE (THE "DISTRIBUTION COMPLIANCE PERIOD"), THIS NOTE AND THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT

(1) TO THE COMPANY OR ANY SUBSIDIARY THEREOF;

(2) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE SECURITIES ACT;

(3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OF THE COMPANY THAT COVERS THE RESALE OF THIS NOTE OR SECURITIES REPRESENTED HEREBY; OR

(4) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. EACH HOLDER, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS THAT (A) IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS AND (B) IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

SERIES 1 CONVERTIBLE NOTE

US$[*insert principal amount*] [*insert month/date/year*]

For value received, Q&K International Group Limited, a company incorporated under the laws of the Cayman Islands and listed on NASDAQ under ticker symbol of QK (the "Issuer"), promises to pay to Veneto Holdings Ltd. or its permitted transferee (the "Holder"), the principal amount of US$[*insert principal amount*], unless the outstanding principal amount is settled in accordance with Section 3, on the Maturity Date (as defined below). This Note is issued pursuant to that certain Convertible Notes and Warrant Purchase Agreement dated July 22, 2020 between the Issuer and the Holder (the "Purchase Agreement"). Unless otherwise explicitly provided herein, the capitalized terms in this Note shall have the same meaning as ascribed in the Purchase Agreement. This Note is subject to the following terms and conditions, and to which the Holder hereof, by the acceptance of this Note, agrees:

1. **Priority**. The Note ranks senior in right of payment to any of the Issuer's future indebtedness that is expressly subordinated in right of payment to this Note, constitutes direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* with all other present and future unconditional and unsubordinated obligations of the Issuer (other than those preferred by applicable law that are mandatory and of general application), junior in right of payment to any of the Issuer's secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally junior to all future indebtedness incurred by the Issuer's Subsidiaries and their other liabilities (including trade payables).

2. **Maturity**. The maturity date of this Note shall be [*insert date that is 4 years from the issue date of this Note*] (the "Maturity Date"). Unless converted as provided in Section 3, the outstanding principal amount of this Note and any accrued but unpaid interest under this Note (including any accrued and unpaid interest on the Defaulted Amounts, if any) shall be due and payable upon the earliest to occur of the following: (a) the Maturity Date or (b) pursuant to Section 7.

3. Conversion.

(a) **Optional Conversion**. Subject to the terms of this Note, the Holder at any time on or after the 41st day after the issue date of this Note and prior to the Maturity Date, at its option, may convert in whole but not in part the entire outstanding principal amount and the Applicable Share Interest (as defined below) of this Note into the Issuer's American Depositary Shares (the "ADSs", each ADS represents 30 Class A Ordinary Shares of the Issuer) (the "Conversion") upon the delivery of a conversion notice to the Issuer (the "Conversion Notice", and such date of delivery, the "Conversion Date"). The number of the ADSs to be issued upon such Conversion shall be equal to the quotient obtained by dividing (i) the entire principal amount and the Applicable Share Interest of this Note as of the Conversion Date by (ii) the conversion price (the "Conversion Price"), which subject to adjustment pursuant to Section 8 of this Note, shall be *(i) US$ [insert the price calculated as one hundred and twenty percent (120)% of the 30-Trading Day VWAP as of the issue date of the Initial Note] per ADS*, or (ii) if the Issuer completes an ADS offering of at least US$50 million within eighteen (18) months after the issue date of this Note (the "ADS Offering"), eighty percent (80)% of the issue price per ADS in such ADS Offering, such adjusted conversion price shall be effective on the day immediately succeeding the closing date of the ADS Offering.

"30-Trading Day VWAP" means the VWAP of the ADSs over the 30 Trading Day-period including the Trading Day immediately preceding the relevant date.

"Last Reported Sale Price" of the ADSs on any date means the closing sale price per ADS (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the NASDAQ (or the principal U.S. national or regional securities exchange on which the ADSs are traded). If the ADSs are not listed for trading on a U.S. national or regional securities exchange on the relevant date, the "Last Reported Sale Price" will be the last quoted bid price for the ADSs in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization. If the ADSs are not so quoted, the "Last Reported Sale Price" will be the average of the midpoint of the last bid and ask prices for the ADSs on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Issuer for this purpose.

"Ordinary Shares" means class A ordinary shares of the Issuer, par value US$0.00001 per ordinary share, as of the date of this Note,

"Trading Day" means a day on which (a) trading in the ADSs (or other Issuer security for which a closing sale price must be determined) generally occurs on the NASDAQ or, if the ADSs (or such other security) are not then listed on the NASDAQ, on the principal other U.S. national or regional securities exchange on which the ADSs (or such other security) are then listed or, if the ADSs (or such other security) are not then listed on a U.S. national or regional securities exchange, on the principal other market on which the ADSs (or such other security) are then traded and (b) a Last Reported Sale Price for the ADSs (or closing sale price for such other security) is available on such securities exchange or market; provided that if the ADSs (or such other security) are not so listed or traded.

"VWAP" means the volume weighted average prices of the Ordinary Shares or ADSs, as the case may be, on the relevant Trading Day or the relevant Trading Day-period quoted on Bloomberg under the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s) where implemented, from 9:30 to 16:00, New York City time or, if unavailable on Bloomberg, from such other source as will be determined appropriate by a leading investment bank of international repute. Adjustments to the VWAP will be made to reflect the occurrence of any of the adjustment events described in Section 8, to the extent such events are not reflected in the VWAP as reported by the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s). For the avoidance of doubt, if the adjustment event(s) described in Section 8 is reflected in the VWAP as reported by the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s), then the adjustment formula provided in Section 8 for such adjustment event(s) will not apply.

(b) **Mandatory Conversion**. The Issuer may at its option, upon the delivery of a mandatory conversion notice to the Holder (the "Mandatory Conversion Notice", and such date of delivery, the "Mandatory Conversion Date"), require the Holder to convert all the outstanding principal amount and all the accrued but unpaid Applicable Share Interest as of the Mandatory Conversion Date into the ADSs at the applicable Conversion Price under Section 3(a), in the event that: (i) the Last Reported Sale Price of the ADS of the Issuer is no less than US$22.00 per ADS, subject to adjustment pursuant to Section 8 of this Note, for more than sixty (60) consecutive Trading Days and (ii) the average daily trading volume during such sixty (60) consecutive Trading Days is more than US$15 million per Trading Day.

(c) **Mechanics and Effect of Conversion.** No fractional ADSs of the Issuer will be issued upon Conversion of this Note. In lieu of any fractional ADS to which the Holder would otherwise be entitled, the Issuer will pay to the Holder in cash the amount of the unconverted principal or on this Note that would otherwise be converted into such fractional ADSs. Upon Conversion of this Note pursuant to this Section 3, the Holder shall surrender this Note, duly endorsed, at the principal offices of the Issuer or any transfer agent of the Issuer. At its expense, the Issuer will, as soon as practicable thereafter, issue and deliver to the Holder a certificate or certificates for the number of ADSs to which the Holder is entitled upon such Conversion, together with any check payable to the Holder for any cash amounts payable as described herein. Upon Conversion or repayment of this Note, the Issuer will be forever released from all of its obligations and liabilities under this Note and the Purchase Agreement with regard to the principal amount and accrued interest being converted or repaid including without limitation the obligation to pay the principal amount and accrued interest. The Holder hereby agrees to execute and deliver documents or information that may be required by applicable law, regulation or depositary procedures relating to the purchase, sale or delivery of the ADSs.

(d) Notwithstanding the foregoing, if a Conversion Date or transfer in respect of this Note would otherwise fall during a period in which the register of ADSs of the depositary is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the ADSs (a "Book Closure Period"), such Conversion Date or transfer date will be postponed to the first Trading Day following the expiry of such Book Closure Period.

(e) For the avoidance of doubt, the Holder hereby acknowledges and agrees that it has not been conferred with any of the rights of a shareholder of the Issuer, including the right to vote as such, by any of the provisions hereof or any right (a) to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, (b) to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of shares, reclassification of shares, change of par value, or change of shares to no par value, consolidation, merger, scheme of arrangement, conveyance, or otherwise), (c) to receive notice of meetings or to receive in-kind dividends or subscription rights or otherwise, and that it will have no such rights until this Note will have been converted in whole and all ADSs issuable upon the whole conversion hereof will have been issued, as provided for in this Note.

4. **Interest.**

(a) **Interest; Payment and Accrual**. Interest shall accrue from and including the issue date of this Note on the outstanding principal amount at the rate of [*insert* [15.0% per annum] *for Series 1 Notes*] (the "Interest"), of which

(i) [*insert* [7.5% per annum] *for Series 1 Notes*] shall be payable in cash (the "Cash Interest") annually in arrears on [*insert month and day of the issue date of this Notes*] of each year (each a "Cash Interest Payment Date**"**). The first Cash Interest payment on this Note will be in respect of interest that accrues from (and including) [*insert issue date of this Note*] to (but excluding) [*insert first anniversary date of this Note*]. This Note will cease to bear Cash Interest (a) where the conversion right attached to this Note shall have been exercised by a Holder, from and including the Cash Interest Payment Date immediately preceding the relevant Conversion Date or Mandatory Conversion Date as the case may be, or if none, the issue date of this Note or (b) on Maturity Date if there is no conversion. If interest is required to be calculated for a period of less than a complete Cash Interest Period (as defined below), the amount of interest payable for any period shall be equal to the product of [*insert* [7.5% per annum] *for Series 1 Notes*] of the outstanding principal amount as of the Cash Interest Payment Date and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed. The period beginning on and including the issue date of this Note and ending on but excluding the first Cash Interest Payment Date and each successive period beginning on and including a Cash Interest Payment Date and ending on but excluding the next succeeding Cash Interest Payment Date is called a "Cash Interest Period"; and

(ii) [*insert* [7.5% per annum] *for Series 1 Notes*] (the "Applicable Share Interest") shall be payable in cash on the Maturity Date or, if this Note is converted prior to Maturity Date, by delivery of Conversion ADS pursuant to Section 3 on the Conversion Date or Mandatory Conversion Date, as applicable (each a "Share Interest Payment Date"). The Applicable Share Interest shall be in respect of interest that accrues from (and including) [*insert issue date of this Note]* to (but excluding) the Share Interest Payment Date. This Note will cease to bear Applicable Share Interest (a) on the relevant Conversion Date or Mandatory Conversion Date as the case may be where the conversion right attached to this Note shall have been exercised by a Holder or (b) on Maturity Date if there is no conversion of this Note. If interest is required to be calculated for a period of less than a complete Share Interest Period (as defined below), the amount of interest payable for any period shall be equal to the product of [*insert* [7.5% per annum] *for Series 1 Notes*] of the outstanding principal amount as of the Share Interest Payment Date and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed. The period beginning on and including the issue date of this Note and ending on but excluding the Share Interest Payment Date is called a "Share Interest Period".

5. **Payment; Prepayment.** Any outstanding principal amount and any accrued but unpaid interest on this Note that are payable in cash pursuant to this Note, all other cash payments shall be made in lawful money of the United States of America by check sent to the address or by wire transfer for the account of the Holder as the Holder may designate from time to time and notify in writing to the Issuer at least three Business Days prior to each payment date. If any such payment date falls on a day that is not a Business Day, the required payment will be made on the next succeeding Business Day and no interest on such payment will accrue in respect of the delay. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal amount. Notwithstanding anything to the contrary, voluntary prepayment of this Note may not be made without the prior written consent of the Holder. For the avoidance of doubt, any payments made pursuant to Section 3 shall not be considered a prepayment.

6. **Transfer; Successors and Assigns.** The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. This Note may be transferred to a permitted transferee by the Holder upon surrender of the original Note for registration of transfer, duly endorsed, and accompanied by a duly executed written instrument of transfer, provided any transfer of this Note may only be made in minimum denomination of US$1,000,000 and integral multiples of US$1,000 in excess thereof . Thereupon, a new note for the outstanding principal amount will be issued to, and registered in the name of, the permitted transferee. Any interest, principal amount, ADSs or any other amounts payable under this Note is payable only to the Holder of this Note registered in the records of the Issuer.

7. **Events of Default.**

(a) For purpose of this Note, each of the following events shall be an "Event of Default" hereunder:

(i) Failure to Pay Principal. The Issuer defaults in the payment of principal of this Note when due and payable on the Maturity Date upon declaration of acceleration or otherwise;

(ii) Failure to Pay Interest. The Issuer defaults in the payment of Cash Interest when any such interest payment becomes due and payable and the default continues for a period of thirty (30) days;

(iii) Breach of Conversion Obligation. The Issuer fails to comply with its obligation to issue the ADSs in accordance with Section 3 upon Holder's exercise of its conversion rights and such failure continues for a period of ten (10) Business Days;

(iv) Breach of Section 9. The Issuer fails to comply with its repurchase obligations under Section 9 and such failure has not been fully and completely remedied within thirty (30) days;

(v) Breach of Other Obligations. The Issuer fails for sixty (60) days after written notice from the Holder has been received by the Issuer to comply with any of its other agreements contained in any Transaction Document to which the Issuer is a party;

(vi) Cross Default. Any default by the Issuer or any Significant Subsidiary of the Issuer with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of US$80 million (or the foreign currency equivalent thereof) in the aggregate of the Issuer and/or any such Significant Subsidiary, whether such indebtedness now exists or shall hereafter be created (A) resulting in such indebtedness becoming or being declared due and payable or (B) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise and such acceleration shall not have been rescinded or annulled or such failure to pay shall not have been cured or waived or such indebtedness shall not have been repaid, as the case may be, within 30 days after written notice from the Holder;

(vii) Adverse Judgment. A final judgment for the payment of US$5 million (or the foreign currency equivalent thereof) or more (excluding any amounts covered by insurance) is rendered against the Issuer or any Significant Subsidiary of the Issuer, which judgment is not paid when due, bonded or otherwise discharged or stayed within sixty (60) days after the earlier of (i) the date on which the right to appeal thereof has expired if no such appeal has commenced and (ii) the date on which all rights to appeal have been extinguished;

(viii) Trading Suspension. The ADSs (or other Common Equity or ADSs in respect of the Common Equity underlying this Note) have been suspended from trading on The NASDAQ Global Market or its successor for a period of 90 consecutive Trading Days or for more than 180 Trading Days in any 12-month period;

(ix) Bankruptcy. The Issuer or any Significant Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, winding-up, reorganization or other relief with respect to the Issuer or any such Significant Subsidiary or its debts under any bankruptcy, liquidation, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Issuer or any such Significant Subsidiary or all or substantially all of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due;

(x) Involuntary Proceedings. An involuntary case or other proceeding shall be commenced against the Issuer or any Significant Subsidiary seeking liquidation, winding-up, reorganization or other relief with respect to the Issuer or such Significant Subsidiary or its debts under any bankruptcy, liquidation, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Issuer or such Significant Subsidiary or all or substantially all of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) consecutive days;

(xi) The Issuer applies the proceeds from the sale of this Note to purposes other than those set forth in Section 2 of the Purchase Agreement;

(xii) The Issuer or any Significant Subsidiary stops or suspends payment to its creditors generally or is unable to or admits its inability to pay its debts as they fall due, or, any of the Issuer or Significant Subsidiaries is declared or becomes bankrupt or insolvent;

(xiii) The Issuer or any Significant Subsidiary commences or has commenced against it any proceeding to dissolve or otherwise terminate its existence under any dissolution, liquidation or similar statue now or hereafter in effect or the board of directors or shareholders of the Issuer or Significant Subsidiaries take any corporate action in furtherance of any of the foregoing;

(xiv) The Issuer or any Significant Subsidiary files any petition or action for relief under any bankruptcy, reorganization, insolvency, arrangement, readjustment of debt, moratorium or any other similar law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or the board of directors or shareholders of the Issuer or Significant Subsidiaries take any corporate action in furtherance of any of the foregoing; or

(xv) The consummation of any transaction which results in the sale, transfer or exchange of all or substantially all of the outstanding voting shares of any of the Issuer or Significant Subsidiaries, or the sale of all or substantially all of the assets of any of the Issuer or Significant Subsidiaries.

(b) Consequences of Events of Default. If any one or more of the Events of Default shall occur, the Holder may, by written notice to the Issuer:

(i) Declare all then outstanding principal amount and any accrued but unpaid interest under this Note be, where upon they shall become, immediately due and payable without further demand, notice or other legal formality of any kind; and/or

(ii) Elect to convert all then outstanding principal amount and any accrued but unpaid Applicable Share Interest under this Note into ADSs of the Issuer.

8. Adjustments.

(a) If the Issuer determines that an adjustment should be made to the Conversion Price due to consolidation, subdivision, reclassification, capitalization of profits or reserves or other analogous events, the Issuer will at its own expense request an independent investment bank of international repute (the "Independent Bank") to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, the date on which such adjustment should take effect and upon such determination by the Independent Bank such adjustment (if any) will be made and will take effect in accordance with such determination by the Independent Bank.

(b) General Provisions Relating to Changes in Conversion Price.

(i) *Minor adjustments*: On any adjustment, the resultant Conversion Price, if not an integral multiple of one U.S. dollar cent, will be rounded down to the nearest one U.S. dollar cent. No adjustment will be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1% of the Conversion Price, as applicable, then in effect. Any amount by which the Conversion Price has not been rounded down will be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment will be given by the Issuer to the Holder in accordance with Section 13 as soon as practicable after the determination thereof, as well as a statement of how such adjustments were calculated.

(ii) *Minimum Conversion Price*: The Conversion Price may not be reduced so that, on a conversion of this Note, ADSs or Ordinary Shares will be required to be issued in any circumstances not permitted by applicable laws or regulations.

(iii) *Multiple Events*: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification will be made to the operation of the foregoing provisions as may be advised by such Independent Bank to be in its opinion appropriate in order to give such intended result.

(iv) All calculations and other determinations under this Section 8 will be made by the Issuer in good faith and will be made to the nearest one-ten thousandth (1/10,000) of an ADS.

(c) *Effect*. Upon such determination, such adjustment (if any) will be made and will take effect in accordance with such determination by the Independent Bank.

(d) If at any time while this Note is outstanding, the Issuer grants, issues or sells any rights to purchase shares, warrants, securities or other property pro rata to all the record holders of Ordinary Shares or ADSs (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights to the extent permitted by applicable law and regulation, the aggregate Purchase Rights which the Holder could have acquired as if the Holder had held the number of Class A Ordinary Shares or ADSs issuable upon the full conversion of this Note on the record date for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Class A Ordinary Shares or ADSs are to be determined for the grant, issue or sale of such Purchase Rights, provided that the ownership percentage of the Holder shall not exceed 30% of the Issuer's Common Equity (the "Ownership Cap") immediately after such subscription and purchase.

9. Repurchase.

(a) [Reserved]

(b) Repurchase on Fundamental Change. If a Fundamental Change occurs at any time, the Holder shall have the right, at its option, to require the Issuer to repurchase for cash all of the outstanding principal amount of this Note or any portion thereof on the date (the "Fundamental Change Repurchase Date") notified in writing by the Issuer that is not less than 20 Business Days and not more than 35 Business Days following the date of the Fundamental Change Company Notice (as defined below) at a repurchase price equal to (i) 100% of the outstanding principal amount subject of the Fundamental Change Repurchase Notice (as defined below), plus (ii) accrued and unpaid interest thereon pursuant to Section 4 (including any accrued and unpaid interest on the Defaulted Amounts, if any), and plus (iii) the Repurchase Deferential (the "Fundamental Change Repurchase Price"). Repurchase Deferential means the amount resulting from A minus B, where:

A = (the outstanding principal amount of this Note as of the Fundamental Change Repurchase Date subject of the applicable Fundamental Change Repurchase Notice x 25% per annum) x the number of days from [*insert the issue date of this Note*] to but excluding the Fundamental Change Repurchase Date;

B = the sum of the aggregate Cash Interest on the outstanding principal amount of this Note as of the Fundamental Change Repurchase Date subject of the applicable Fundamental Change Repurchase Notice that have been paid or accrued and unpaid as of the Fundamental Change Repurchase Date;

The relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(c) Delivery of Fundamental Change Repurchase Notice and this Note by the Holder.

i. Repurchases of this Note under Section 9(b) shall be made, at the option of the Holder thereof, upon: (i) delivery by the Holder to the Issuer of a duly completed notice (the "Fundamental Change Repurchase Notice"), on or before the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date; and (ii) delivery of this Note to the Issuer at any time after delivery of the Fundamental Change Repurchase Notice (together with all necessary endorsements and any documents for transfer), such delivery being a condition to receipt by the Holder of the Fundamental Change Repurchase Price therefor.

ii. Each Fundamental Change Repurchase Notice delivered pursuant to this Section 9(c) shall state (i) the portion of the principal amount of this Note to be repurchased and (ii) that the Note is to be repurchased by the Issuer pursuant to the applicable provisions of this Note.

iii. Notwithstanding anything herein to the contrary, the Holder shall have the right to withdraw, in whole or in part, such Fundamental Change Repurchase Notice at any time prior to the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Issuer in accordance with Section 9(g).

(d) Fundamental Change Company Notice. On or before the 30th calendar day after the occurrence or the effective date of a Fundamental Change, the Issuer shall provide to the Holder a written notice (the "Fundamental Change Company Notice") by first class mail of the occurrence and the effective date of the Fundamental Change and of the repurchase right at the option of the Holder arising as a result thereof. Each Fundamental Change Company Notice shall specify:

i. the events causing the Fundamental Change;

ii. the date of the Fundamental Change;

iii. the last date on which the Holder may exercise the repurchase right pursuant to this Section 9;

iv. the Fundamental Change Repurchase Price;

v. the Fundamental Change Repurchase Date;

vi. if applicable, the conversion rate and any adjustments to the conversion rate;

vii. that this Note may be converted only if any Fundamental Change Repurchase Notice that has been delivered by the Holder has been withdrawn in accordance with the terms of this Note; and

viii. the procedures that the Holder must follow to require the Issuer to repurchase the Note.

No failure of the Issuer to give the foregoing notices and no defect therein shall limit the Holder's repurchase rights or affect the validity of the procedures for the repurchase of this Note pursuant to this Section 9.

(e) Withdrawal of Fundamental Change Repurchase Notice. A Fundamental Change Repurchase Notice may be withdrawn (in whole or in part) by means of a duly completed written notice of withdrawal delivered to the Issuer in accordance with this Section 9(f) at any time prior to the close of business on the second Business Day immediately preceding the Fundamental Change Repurchase Date, specifying (a) the principal amount of this Note with respect to which such notice of withdrawal is being submitted and (b) the principal amount, if any, of this Note that remains subject to the original Fundamental Change Repurchase Notice.

(f) Payment of Fundamental Change Repurchase Price.

i. On or prior to 10:00 a.m., New York time, one Business Day prior to the Fundamental Change Repurchase Date, the Issuer shall set aside, segregate and hold in trust for the benefit of the Holder an amount of money sufficient to repurchase the applicable portion of this Note to be repurchased at the appropriate Fundamental Change Repurchase Price. Payment for the applicable portion of this Note surrendered for repurchase (and not withdrawn in accordance with Section 9(f) will be made on the later of (i) the Fundamental Change Repurchase Date, provided the Holder has satisfied the conditions in this Section 9 and (ii) the time of delivery of the applicable portion of this Note by the Holder to the Issuer in the manner required by Section 9(c), by mailing checks for the amount payable to the Holder.

ii. If by 10:00 a.m., New York time, one Business Day prior to the Fundamental Change Repurchase Date, the Issuer holds money sufficient to make payment on the applicable portion of this Note to be repurchased on such Fundamental Change Repurchase Date, then, with respect to the applicable portion of this Note that has been properly surrendered for repurchase and not validly withdrawn in accordance with this Section 9, on such Fundamental Change Repurchase Date, (i) such portion of this Note will cease to be outstanding, (ii) interest will cease to accrue on such portion of this Note and (iii) in the event the entire outstanding amount of this Note is surrendered by the Holder to be repurchased, this Note will be deemed to have been paid and all other rights of the Holder will terminate (other than the right to receive the Fundamental Change Repurchase Price).

iii. Upon the surrender of this Note that is to be repurchased in part pursuant to this Section 9, the Issuer shall execute and deliver to the Holder a new Note in an authorized denomination equal in principal amount to the portion of this Note that is outstanding and not repurchased.

(g) Covenant to Comply with Applicable Laws Upon Repurchase of this Note. In connection with any repurchase offer, the Issuer will, if required, comply with all US federal and state securities laws in connection with any offer by the Issuer to repurchase this Note so as to permit the rights and obligations under this Section 9 to be exercised in the time and in the manner specified in this Section 9.

10. Covenants

(a) Payment of Principal and Interest. The Issuer covenants and agrees that it will cause to be paid the principal (including, if applicable, the Fundamental Change Repurchase Price) of, and accrued and unpaid interest on, this Note at the respective times and in the manner provided herein.

(b) Existence. The Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

(c) No Withholding. All payments and deliveries made by, or on behalf of, the Issuer or any successor to the Issuer under or with respect to this Note, including, but not limited to, payments of principal (including, if applicable, the Fundamental Change Repurchase Price), payments of interest and deliveries of ADSs (together with payments of cash for any fractional ADSs) upon any conversion of this Note, shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer or any successor to the Issuer is, for tax purposes, organized or resident or doing business or through which payment is made or deemed made (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law.

(d) Stay, Extension and Usury Laws. The Issuer covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law that would prohibit or forgive the Issuer from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Note; and the Issuer (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law.

(e) Compliance Certificates; Statements as to Defaults. The Issuer shall deliver to the Holder within 120 days after the end of each fiscal year of the Issuer (beginning with the fiscal year ending on September 30, 2020) and within 30 days of a written request made by the Holder an Officer's Certificate stating that a review has been conducted of the Issuer's activities under this Note and whether the Issuer has fulfilled its obligations hereunder, and whether such officer thereof have knowledge of any Default by the Issuer that occurred during the previous year that is then continuing and, if so, specifying each such Default and the nature thereof. The Issuer shall deliver to the Holder, as soon as possible, and in any event within 30 days after the Issuer becomes aware of the occurrence of any Default if such Default is then continuing, an Officer's Certificate setting forth the details of such Default, its status and the action that the Issuer is taking or proposing to take in respect thereof.

(f) Further Instruments and Acts. Upon request of the Holder, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Note.

(g) New Note Instruments. Upon request of the Holder for this Note to be broken down into a number of note instruments of smaller principal amounts, the Issuer shall issue new note instruments of such smaller principal amounts without charge within three (3) Business Days after the date of such request, provided that each new note instrument will have a principal amount of at least US$1,000,000 and the existing note instrument of this Note shall be delivered by the Holder to the Issuer for cancellation.

(h) Replacement of Note. Upon the loss, theft, destruction or mutilation of this Note (and in the case of loss, theft or destruction, of indemnity from the Holder reasonably satisfactory to the Issuer, or in the case of mutilation, upon surrender and cancellation thereof), the Issuer shall at the Holder's expense within five (5) Business Days execute and deliver to the Holder, in lieu thereof, a new Note as replacement for this Note.

11. TransferRestrictions

(a) The Holder covenants that this Note and/or the ADSs issuable upon conversion of this Note will only be disposed of pursuant to an effective registration statement under, and in compliance with the requirements of, the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act, and in compliance with any applicable state securities laws. In connection with any transfer of this Note and/or the ADSs issuable upon conversion of this Note other than pursuant to an effective registration statement or Rule 144 promulgated under the Securities Act ("Rule 144"), the Issuer may require the transferor to provide to the Issuer an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Issuer, to the effect that such transfer does not require registration under the Securities Act.

(b) The Holder agrees to the imprinting, until no longer required by this Section 11, of the following legend on any certificate evidencing this Note, the ADSs issuable upon conversion of this Note, or the Ordinary Shares represented by such ADSs:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY OTHER SECURITIES LAWS. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

The legend set forth above shall be removed and the Issuer shall issue a certificate without such legend to the holder of this Note or the ADSs issuable upon conversion of this Note if, unless otherwise required by state securities laws, (i) such securities are registered for resale under the Securities Act and are transferred to a Holder pursuant to a registration statement that is effective at the time of such transfer, (ii) in connection with a sale, assignment or other transfer, such Holder provides the Issuer with an opinion of counsel, the form and substance of which opinion shall be reasonably acceptable to the Issuer, that the sale, assignment or transfer of the securities may be made without registration under the applicable requirements of the Securities Act or (iii) such Holder provides the Issuer with reasonable assurance that the securities can be sold, assigned or transferred pursuant to Rule 144 or have been sold under Rule 144.

(c) Notwithstanding anything to the contrary herein, transfers of this Note shall be registered upon registration books maintained for such purpose by or on behalf of the Issuer. Prior to presentation of this Note for registration of transfer, the Issuer shall treat the registered holder hereof as the owner and Holder of this Note for the purpose of receiving all payments of principal and interest hereon and for all other purposes whatsoever.

12. **Governing Law; Jurisdiction.**

(a) Governing Law. This note will be governed by and construed in accordance with the laws of the State of New York without regard to any conflicts of laws, provisions thereof that would otherwise require the application of the law of any other jurisdiction.

(b) Jurisdiction. The Issuer irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York, over any suit, action, or proceeding arising out of or relating to this Note. The Issuer irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding brought in such a court and any claim that suit, action, or proceeding has been brought in an inconvenient forum. The Issuer agrees that the service of process upon it mailed by certified or registered mail (and service so made shall be deemed complete three days after the same has been posted as aforesaid) or by personal service shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Nothing herein shall affect Holder's right to serve process in any other manner permitted by law. The Issuer agrees that a final non-appealable judgement in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

13. **Notices.** Any notice required or permitted by this Note shall be in writing and shall be deemed duly given, made or received (i) on the date of delivery if delivered in person, (ii) on the date of confirmation of receipt of transmission by facsimile or other form of electronic delivery (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or (iii) three Business Days after deposit with an internationally recognized express courier service to the respective parties hereto at such party's address or facsimile number as set forth on the signature page below or as subsequently modified by written notice.

14. **Amendments and Waivers.** Any term of this Note may be amended only with the written consent of the Issuer and the Holder. Any amendment or waiver effected in accordance with this Section 11 shall be binding upon the Issuer, the Holder and the transferee of this Note.

15. **Counterparts.** This Note may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will constitute a single instrument.

16. **Action to Collect on Note.** If action is instituted to collect on this Note due to any default by the Issuer, the Issuer promises to pay all reasonable collection costs and expenses, including reasonable attorney's fees, incurred in connection with such action.

17. Definition.

"Affiliate" means, with respect to any specified Person, any Person that controls, is controlled by, or is under common control with such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with"), when used with respect to any specified Person, means the possession, directly or indirectly, individually or together with any other Person, of the power to direct or to cause the direction of the management and policies of a Person, whether through ownership of voting securities or other interests, by contract or otherwise.

"board of directors" means the board of directors of the Issuer or a committee of such board duly authorized to act for it hereunder.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the People's Republic of China (which for the purpose of this Note excludes Hong Kong SAR, Macau SAR and Taiwan), Singapore, Hong Kong or New York.

"Capital Stock" means for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity.

"close of business" means 5:00 p.m. (New York City time).

"Common Equity" of any Person means ordinary share capital or Capital Stock of such Person that is generally entitled (a) to vote in the election of directors of such Person or (b) if such Person is not a corporation, to vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"control" (including the terms "Controlled by" and "under common Control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person or securities that represent a majority of the outstanding voting securities of such Person.

"Default" means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

"Defaulted Amounts" means any amounts on this Note (including, without limitation, the Fundamental Change Repurchase Price, principal and interest) that are payable but are not paid when due or duly provided for pursuant to this Note.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fundamental Change" shall be deemed to have occurred if any of the following occurs after the issue date of this Note:

(a) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than the Issuer, its Subsidiaries, the employee benefit plans of the Issuer and its Subsidiaries, the Permitted Holders, and any of the Holders has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of the Issuer's Common Equity (including Common Equity held in the form of ADSs) representing more than 50% of the voting power of the Issuer's Common Equity;

(b) the consummation of (A) any recapitalization, reclassification or change of the Ordinary Shares or the ADSs (other than changes resulting from a subdivision or combination) as a result of which the Ordinary Shares or the ADSs would be converted into, or exchanged for, stock, other securities, other property or assets; (B) any share exchange, consolidation or merger of the Issuer, or transactions of similar effect, pursuant to which the Ordinary Shares or the ADSs will be converted into cash, securities or other property; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Issuer and its Significant Subsidiaries and Variable Interest Entities, taken as a whole, to any Person other than one of the Issuer's wholly-owned Significant Subsidiaries; provided, however, that a transaction described in clause (b) in which the holders of all classes of the Issuer's Common Equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction in substantially the same proportions vis-a-vis each other as such ownership immediately prior to such transaction shall not be a Fundamental Change pursuant to this clause (b);

(c) the shareholders of the Issuer approve any plan or proposal for the liquidation or dissolution of the Issuer; or

(d) the ADSs (or other Common Equity or ADSs in respect of the Common Equity underlying this Note) cease to be listed or quoted on The NASDAQ Global Market or its successor;

provided, however, that a transaction or transactions described in clause (a) or (b) above shall not constitute a Fundamental Change if at least 90% of the consideration received or to be received by holders of the ADSs, excluding cash payments for any fractional Ordinary Shares or ADSs and cash payments made in connection with dissenters' appraisal rights, in connection with such transaction or transactions consists of shares of Common Equity or ADSs or depositary receipts in respect of Common Equity that are listed or quoted on any of The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors) or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions and as a result of such transaction or transactions this Note become convertible into such consideration, excluding cash payments for any fractional Ordinary Shares or ADSs and cash payments made in connection with dissenters' appraisal rights.

"GAAP" means the generally accepted accounting principles in the United States.

"Governmental Authority" means any federal, national, foreign, supranational, state, provincial, local, municipal or other political subdivision or other government, governmental, regulatory or administrative authority, agency, board, bureau, department, instrumentality or commission or any court, tribunal, judicial or arbitral body of competent jurisdiction or stock exchange.

"Issuer" shall have the meaning ascribed to such term in the Preamble.

"Note" shall have the meaning ascribed to such term in the preamble.

"Officer" means, with respect to the Issuer, the Chairman, President, the Chief Executive Officer, the Secretary, any Executive or any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President").

"Officer's Certificate", when used with respect to the Issuer, means a certificate substantially in the form attached as Exhibit A.

"Permitted Holders" means CP Henry Singapore Pte. Ltd. or any of its Affiliates.

"Person" means any individual, partnership, corporation, association, joint stock company, trust, joint venture, limited liability company, organization, entity or Governmental Authority.

"Significant Subsidiary" means a Subsidiary of the Company that meets the definition of "significant subsidiary" in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act.

"Subsidiary" of any Person means any corporation, partnership, limited liability company, joint stock company, joint venture or other organization or entity, whether incorporated or unincorporated, which is Controlled by such Person and, for the avoidance of doubt, the Subsidiaries of any Person shall include any Variable Interest Entity over which such Person or any of its Subsidiaries effects Control pursuant to contractual arrangements and which is consolidated with such Person in accordance with GAAP applicable to such Person.

"U.S." means United States.

"US$" or "$" means the United States dollar, the lawful currency of the United States of America.

"Variable Interest Entity" shall have the meaning ascribed to such term in the Purchase Agreement.

IN WITNESS WHEREOF, the Issuer has executed this Note as of the date first set forth above.

ISSUER

Q&K INTERNATIONAL GROUP LIMITED

By: _____
Name:
Title:

Attention: ZHICHEN SUN
Address: Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China
Telephone: +13671838929
E-mail: frank@qk365.com

IN WITNESS WHEREOF, the Holder has executed this Note as of the date first set forth above.

HOLDER:

VENETO HOLDINGS LTD.

By: _____
Name: Danai Rojanavanichkul
Title: Director

Attention: Danai Rojanavanichkul
Address: 369 Khaosarn Alley, Samphanthawong
Sub-District Samphanthawong District
Bangkok, Thailand
Telephone: +66 81 3483579
E-mail: danai-h@hotmail.com

Exhibit A

COMPLIANCE CERTIFICATE

[●][*name of investor*]

[●][*address*]

Email: [●]

Attention: [●]

Date: October [●], 202[●]

Dear Sirs

Q&K INTERNATIONAL GROUP LIMITED

US$[●] CONVERTIBLE NOTE DUE [●]

(the "Note")

I, the undersigned, being a duly authorized officer of Q&K International Group Limited (the "Issuer"), refer to Section 10(e) (*Covenants - Compliance Certificates; Statements as to Defaults*) of the Convertible Note between Veneto Holdings Ltd. and the Issuer, dated July 22, 2020 (the "Note Document"). Expressions which are given defined meanings in the Note Document have the same meanings when used herein.

Pursuant to Section 10(e) (*Conditions of the Purchaser's Obligations at Closing*):

I hereby certify that, from October 1, 202[●] until September 30, 202[●] (the "**Certification Date**"), (i) a review has been conducted of the Issuer's activities under this Note; (ii) the Issuer has complied with its obligations under the Purchase Agreement and the Notes; and (iii) no Default had occurred.

Yours faithfully

for and on behalf of

Q&K INTERNATIONAL GROUP LIMITED

_____

Name:
Title:

EXHIBIT B

FORM OF WARRANT

THIS WARRANT AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT") OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. HOLDERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

Date of Issuance: [*insert month/day/year*]

Number of American Depositary Shares: [*Insert number*]

Q&K WARRANT
TO PURCHASE ADSs

This Q&K Warrant to Purchase ADSs (this "Warrant") is issued to Veneto Holdings Ltd. (the "Purchaser") together with any permitted transferees, the "Holder") by Q&K International Group Limited, a company incorporated under the laws of the Cayman Islands and listed on NASDAQ under ticker symbol of QK (the "Company").

This Warrant is issued pursuant to, and in accordance with, a Convertible Notes and Warrant Purchase Agreement, dated July 22, 2020, by and among the Company, the Purchaser (as amended, supplemented or modified from time to time, the "Purchase Agreement"). The Holder is entitled to the benefits of this Warrant and the Purchase Agreement, subject to the terms and conditions set forth herein and therein, may enforce the agreements contained herein and therein and exercise the remedies provided for hereby and thereby or otherwise available in respect hereto and thereto. All capitalized terms shall have the meanings attributed to such terms in Section 3 hereof. All capitalized terms not otherwise defined in this Warrant shall have the meanings attributed to such terms in the Purchase Agreement. In case of conflict between the terms of this Warrant and the Purchase Agreement, the terms of this Warrant shall prevail.

SECTION 1 Purchase of ADSs

Subject to the terms and conditions hereinafter set forth, the Holder is entitled to subscribe for and purchase from the Company, upon surrender of this Warrant at the principal office of the Company (or at such other place as the Company shall notify the Holder in writing), at any time until the Expiration Date, up to the number of ADSs of fully paid and nonassessable ADSs, at the Exercise Price. The purchase price of one ADS shall be equal to the Exercise Price.

Upon exercise of this Warrant, the Holder shall be entitled to enjoy the registration rights as a "Purchaser" under Section 8 of the Purchase Agreement with respect to the ADSs it has purchased pursuant to this Warrant, same as those applicable to other Purchasers.

SECTION 2 Expiration

This Warrant shall expire and have no further effect on [*insert [month, day, year], which is five years after the warrant issue date*], (the "Expiration Date"). Subject to the terms of this Warrant, the Holder may exercise in full or in part this Warrant at its sole discretion at any time on or before the Expiration Date.

SECTION 3 Definitions

3.1 "ADSs" means the Company's American Depositary Shares (each ADS represents 30 Class A Ordinary Shares of the Company as of July 22, 2020).

3.2 "Capital Stock" means for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity.

3.3 "Class A Ordinary Shares" means the class A ordinary shares of the Company par value US$0.00001 each.

3.4 "Common Equity" of any Person means ordinary share capital or Capital Stock of such Person that is generally entitled (a) to vote in the election of directors of such Person or (b) if such Person is not a corporation, to vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

3.5 "Exercise Price" shall be *[insert the number equivalent to (110)% of the VWAP of the ADSs over the 60 Trading Days preceding the date of issuance of this Warrant*].

3.6 "Person" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.

3.7 "Trading Day" means a day on which the principal Trading Market is open for trading.

3.8 "Trading Market" means any of the following markets or exchanges on which the ADSs or the Class A Ordinary Shares, as the case may be, are listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange.

3.9 "VWAP" means the volume weighted average prices of the Class A Ordinary Shares or ADSs, as the case may be, on the relevant Trading Day or the relevant Trading Day-period quoted on Bloomberg under the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s) where implemented, from 9:30 to 16:00, New York City time or, if unavailable on Bloomberg, from such other source as will be determined appropriate by a leading investment bank of international repute. Adjustments to the VWAP will be made to reflect the occurrence of any of the adjustment events described in Section 6, to the extent such events are not reflected in the VWAP as reported by the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s). For the avoidance of doubt, if the adjustment event(s) described in Section 6 is reflected in the VWAP as reported by the "AQR" function (or any successor function), with appropriate settings in DPDF (or any successor pages) for the relevant adjustment(s), then the adjustment formula provided in Section 6 for such adjustment event(s) will not apply.

SECTION 4 Method of Exercise

4.1 While this Warrant remains outstanding and exercisable in accordance with Section 2 above, the Holder may exercise, in whole or in part, the subscription rights evidenced hereby. Such exercise shall be effected by the surrender of this Warrant, together with a duly executed copy of the Notice of Exercise attached hereto as Exhibit A, to the Company at its principal office (or at such other place as the Company shall notify the Holder in writing).

4.2 Each exercise of this Warrant pursuant to a Notice of Exercise shall be deemed to have been effected immediately prior to the close of business on the day on which this Warrant is surrendered to the Company as provided in Section 4.1 above.

4.3 This Warrant shall be exercisable on a cashless basis only. Such exercise shall be made by electing to receive the number of ADSs equal to the value of the subscription rights evidenced by this Warrant (or the portion thereof being exercised), by surrender of this Warrant to the Company, together with a duly completed and executed Notice of Exercise, in which event the Company shall issue to the Holder ADSs in accordance with the following formula:

$$X = Y(A-B)/A$$

where

X = The number of ADSs to be issued to the Holder;

Y = The number of ADSs for which the subscription rights evidenced by this Warrant are being exercised;

A = the VWAP immediately preceding the date of receipt by the Company of the Notice of Exercise giving rise to the applicable "cashless exercise", as set forth in the applicable Notice of Exercise; and

B = The Exercise Price.

As soon as practicable after the exercise of this Warrant in whole or in part, and in any event within ten (10) Business Days after receipt by the Company of the duly executed Notice of Exercise, the Company at its expense will cause to be allotted and issued in the name of, and delivered to the Holder:

(i) a certificate or certificates for the number of ADSs and/or corresponding Class A Ordinary Shares of the Company represented thereby to which the Holder shall be entitled; and

(ii) in case such exercise is in part only, a new warrant or warrants (dated the issue date of this Warrant) of like tenor, calling in the aggregate on the face or faces thereof for the number of ADSs equal to the number of such ADSs called for on the face of this Warrant minus the number of ADSs subscribed by the Holder upon all exercises made in accordance with Section 4.1 above or Section 4.4 below.

4.4 Upon any partial exercise of this Warrant, the Company shall cancel the portion of the Warrant that is being exercised and execute and deliver a new Warrant of like tenor and date for the balance of the ADSs issuable hereunder.

SECTION 5 Issuance of ADSs

The Company covenants that the ADSs and the Class A Ordinary Shares of the Company represented thereby, when issued pursuant to the exercise of this Warrant, will be duly and validly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issuance thereof.

SECTION 6 Adjustment of Exercise Price and Number of ADSs

The number of and kind of securities purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

6.1 Stock Splits, Stock Dividends, Recapitalizations, etc. The Exercise Price of this Warrant and the number of ADSs issuable upon exercise of this Warrant shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split, recapitalization and the like affecting the number of ordinary shares of the Company or the number of Class A Ordinary Shares of the Company represented by each ADS. Then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of Class A Ordinary Shares or ADSs, as applicable (excluding treasury shares, if any), outstanding immediately before such event and of which the denominator shall be the number of Class A Ordinary Shares or ADSs, as applicable, outstanding immediately after such event, and the number of Class A Ordinary Shares or ADSs, as applicable, issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

6.2 Reclassification, Reorganization and Consolidation. In case of any reclassification, capital reorganization, change or merger or consolidation in the share capital of the Company (other than as a result of a subdivision, combination, or share dividend), then the Company shall make appropriate provision so that the Holder shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares and other securities and property receivable in connection with such reclassification, capital reorganization, change or merger or consolidation by a holder of the same number of ADSs as were purchasable by the Holder under this Warrant immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares or other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the Exercise Price per ADS payable hereunder, provided the aggregate Exercise Price shall remain the same.

6.3 Notice of Adjustment. When any adjustment is required to be made in the number or class or series of ADSs or other securities or property purchasable upon exercise of this Warrant, or in the Exercise Price, the Company shall promptly notify the Holder of such event and of the number of ADSs or other securities or property thereafter purchasable upon exercise of this Warrant.

6.4 Calculations. All calculations under this Section shall be made to the nearest cent or the nearest 1/100th of an ADS or Class A Ordinary Share, as the case may be. For purposes of this Section, the number of Class A Ordinary Shares deemed to be issued and outstanding as of a given date shall be the sum of the number of Class A Ordinary Shares (including Class A Ordinary Shares underlying ADSs, but excluding treasury shares, if any) issued and outstanding.

SECTION 7 Purchase Rights

In addition to any adjustments pursuant to Section 6 above, if at any time the Company grants, issues or sells any rights to purchase shares, warrants, securities or other property pro rata to all the record holders of Class A Ordinary Shares or ADSs (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights to the extent permitted by applicable law and regulation, the aggregate Purchase Rights which the Holder could have acquired as if the Holder had held the number of Class A Ordinary Shares or ADSs issuable upon the complete and full exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Class A Ordinary Shares or ADSs are to be determined for the grant, issue or sale of such Purchase Rights, provided that the ownership percentage of the Holder shall not exceed 30% of the Company's Common Equity (the "Ownership Cap") immediately after such subscription and purchase.

SECTION 8 No Fractional ADSs or Scrip

No fractional ADS or scrip representing fractional ADS shall be issued upon the exercise of this Warrant, but in lieu of such fractional ADS the Company shall at its election, either make a cash payment therefor on the basis of the Exercise Price then in effect or round up to the next whole ADS.

SECTION 9 Representations of the Company

The Company represents that all corporate actions on the part of the Company necessary for the sale and issuance of this Warrant have been taken.

SECTION 10 Noncircumvention

The Company hereby covenants and agrees that it will not, by amendment of its memorandum and articles of association or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any Class A Ordinary Shares underlying the ADSs receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable ADSs upon the exercise of this Warrant, and (iii) shall, so long as this Warrant is outstanding, take all action necessary to reserve and keep available out of its authorized and unissued Class A Ordinary Shares, solely for the purpose of effecting the exercise of this Warrant, 100% of the number of Class A Ordinary Shares underlying the ADSs issuable upon exercise of this Warrant then outstanding.

SECTION 11 Transferability

Subject to compliance with the terms and conditions of this Section, this Warrant and all rights hereunder are transferable by the Holder to any permitted transferee, in whole or in part without charge to the Holder (except for transfer taxes and other governmental charges imposed on such transfer) upon a surrender of this Warrant properly endorsed or accompanied by written instructions of transfer in substantially the form attached hereto as Exhibit B. In the event of a partial transfer, the Company shall issue to the transferor and the transferee holders new Warrants of like tenor and date for the applicable number of ADSs. With respect to any offer, sale or other disposition of this Warrant or any ADSs acquired pursuant to the exercise of this Warrant prior to registration of such Warrant or ADSs, the Holder agrees to give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of the Holder's counsel, or other evidence, if requested by the Company, to the effect that such offer, sale or other disposition may be effected without registration or qualification (under the United States Securities Act of 1933 (the "Securities Act") as then in effect or any federal or state securities law then in effect) of this Warrant or the ADSs and indicating whether or not under the Securities Act certificates for this Warrant or the ADSs to be sold or otherwise disposed of require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with such law. If a determination has been made pursuant to this Section that the opinion of counsel for the Holder or other evidence is not reasonably satisfactory to the Company, the Company shall so notify the Holder promptly with details thereof after such determination has been made. Each certificate representing this Warrant or the ADSs transferred in accordance with this Section shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless in the aforesaid opinion of counsel for the Holder, such legend is not required in order to ensure compliance with such laws. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

SECTION 12 Rights of Shareholders

The Holder of this Warrant shall not be entitled, as a Warrant holder, to vote or receive dividends or be deemed the holder of the ADSs or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of shares, reclassification of shares, change of par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the ADSs purchasable upon the exercise hereof shall have become deliverable, as provided herein.

SECTION 13 Notices

Any notice required or permitted by this Warrant shall be in writing and shall be deemed duly given, made or received (i) on the date of delivery if delivered in person, (ii) on the date of confirmation of receipt of transmission by facsimile or other form of electronic delivery (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or (iii) three Business Days after deposit with an internationally recognized express courier service to the respective parties hereto at such party's address or facsimile number as set forth below or as subsequently modified by written notice.

If to the Company:

Q&K International Group Limited
Attention: ZHICHEN SUN
Address: Suite 1607, Building A
No.596 Middle Longhua Road
Xuhui District, Shanghai, 200032
People's Republic of China
Telephone: +13671838929
E-mail: frank@qk365.com

If to the Purchaser or Holder:

Veneto Holdings Ltd.
Attention: Danai Rojanavanichkul
Address: 369 Khaosarn Alley, Samphanthawong Sub-District
Samphanthawong District Bangkok, Thailand
Telephone: +66 81 3483579
E-mail: danai-h@hotmail.com

SECTION 14 Market Stand-Off Agreement

The Holder hereby agrees that it shall not sell, offer, pledge, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell, grant any right or warrant to purchase, lend or otherwise transfer or encumber, directly or indirectly, any ADSs, this Warrant or other securities of the Company, nor shall the Holder enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any ADSs, or other securities of the Company, during the 180-day period (or such other shorter period as may be requested in writing by the managing underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act that includes securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act provided that: all officers and directors of the Company and holders of at least one percent (1%) of the Company's voting securities are bound by and have entered into similar agreements. The Holder further agrees, if so requested by the Company or any representative of its underwriters, to enter into such underwriter's standard form of "lockup" or "market standoff" agreement in a form satisfactory to the Company and such underwriter. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

SECTION 15 Governing Law

This Warrant shall be governed by and construed in accordance with the laws of the State of New York without regard to any conflicts of laws, provisions thereof that would otherwise require the application of the law of any other jurisdiction.

SECTION 16 Amendments and Waivers

Any amendment, waiver or termination of any term of this Warrant shall require the written consent of the Company and the Holder.

SECTION 17 Dispute Resolution

The Company irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York, over any suit, action, or proceeding arising out of or relating to this Warrant. The Company irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding brought in such a court and any claim that suit, action, or proceeding has been brought in an inconvenient forum. The parties agree that the service of process upon it mailed by certified or registered mail (and service so made shall be deemed complete three Business Days after the same has been posted as aforesaid) or by personal service shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Nothing herein shall affect the other party's right to serve process in any other manner permitted by law. The parties agree that a final non-appealable judgement in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

SECTION 18 WARRANT AGENT

The Company shall serve as warrant agent under this Warrant. Upon thirty (30) days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or shareholder services business shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be given to the Holder in accordance with Section 13.

SECTION 19 REISSUANCE OF WARRANTS

19.1 **Transfer of Warrant**

If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 19.4), registered as the Holder may request, representing any portion of the then outstanding unexercised portion of this Warrant (the "Outstanding Amount") being transferred by the Holder and, if only a portion of the Outstanding Amount is being transferred, a new Warrant (in accordance with Section 19.4) to the Holder representing the portion of the Outstanding Amount not being transferred.

19.2 **Lost, Stolen or Mutilated Warrant**

Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 19.4) representing the then Outstanding Amount.

19.3 **Exchangeable for Multiple Warrants**

This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 19.4) representing in the aggregate the then applicable Outstanding Amount, and each such new Warrant will represent the right to purchase such portion of Outstanding Amount as is designated by the Holder at the time of such surrender.

19.4 **Issuance of New Warrants**

Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the then applicable Outstanding Amount (or in the case of a new Warrant being issued pursuant to Section 19.1 or Section 19.3, such number of ADSs designated by the Holder which, when added to the number of ADSs that may be subscribed under the other new Warrants issued in connection with such issuance, does not exceed the then applicable Outstanding Amount), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the issuance date of this Warrant, and (iv) shall have the same rights and conditions as this Warrant.

[Signature Page to Follow]

IN WITNESS WHEREOF, this Warrant is issued and executed by way of deed as of the date above written.

EXECUTED as a **DEED** on the date)
of this Warrant by *[_____])*
, authorized signatory for) _____
Q&K International Group Limited)

in the presence of:

Name: _____
[Name of witness]

ACKNOWLEDGED AND AGREED:

HOLDER:

Veneto Holdings Ltd.

By: _____
Name:
Title:

[Signature Page – Q&K Warrant to Purchase Shares]

EXHIBIT A

NOTICE TO EXERCISE

To: Q&K INTERNATIONAL GROUP LIMITED

Attention: Chief Executive Officer and Chief Financial Officer

1. The undersigned hereby elects to subscribe for and purchase ADSs (as defined and pursuant to the terms of the attached Warrant.

2. Please issue a certificate or certificates representing said ADSs and/or the Class A Ordinary Shares of the Company represented thereby in the name of the undersigned:

Name: _____
Address: _____

_____
(Signature)

_____
(Name)

_____
(Date)

_____
(Title)

[Signature Page – Q&K Warrant to Purchase Shares]

ACKNOWLEDGMENT

Q&K International Group Limited (the "Company") hereby acknowledges this Exercise Notice and hereby directs The Bank of New York Mellon to issue American Depositary Shares in accordance with the Depositary Instructions dated , 20 from the Company and acknowledged and agreed to by The Bank of New York Mellon.

Q&K INTERNATIONAL GROUP LIMITED

By: _____
Name:
Title:

[Signature Page – Q&K Warrant to Purchase Shares]

EXHIBIT B

FORM OF TRANSFER

(To be signed only upon transfer of this Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to _____ the right represented by the attached Warrant to subscribe for _____ ADSs (as defined in attached the Warrant, and appoints _____ Attorney to transfer such right on the books of _____, with full power of substitution in the premises.

Dated: _____

_____
Signature of Holder
(Signaturemust conform in all respects to name of Holder as specified on the face of the Warrant)

_____
Signature of Assignee

EXHIBIT C

TERMS OF THE REGISTRATION RIGHTS

All reference in this Exhibit to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of the body of this Exhibit, unless explicitly stated otherwise.

1. DEFINITIONS.

The following terms used in this Exhibit C shall have the meanings ascribed to them as follows:

1.1 "ADSs" means the Company's American Depositary Shares, each ADS represents 30 class A ordinary shares of the Company.

1.2 "Affiliate" of a given Person means, (i) in the case of a Person other than a natural person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such given Person, or (ii) in the case of a natural person, any other Person that directly or indirectly is Controlled by such given Person or is a Family Member of such given Person.

1.3 "Agreement" means the Convertible Notes and Warrant Purchase Agreement.

1.4 "Board" means the Company's board of directors.

1.5 "Business Day" means a day (other than a Saturday or a Sunday) that the banks in Hong Kong, the PRC, or the City of New York are generally open for business.

1.6 "Class A Ordinary Shares" means the Company's class A ordinary shares, par value US$0.00001 per share.

1.7 "Class B Ordinary Shares" means the Company's class B ordinary shares, par value US$0.00001 per share.

1.8 "Commission" means (i) with respect to any offering of securities in the United States, the Securities and Exchange Commission of the United States or any other federal agency at the time administering the Securities Act and (ii) with respect to any offering of securities in a jurisdiction other than the United States, the regulatory body of the jurisdiction with authority to supervise and regulate the offering and sale of securities in that jurisdiction.

1.9 "Company" means Q&K International Group Limited, an exempted company duly incorporated with limited liability and validly existing under the Laws of the Cayman Islands.

1.10 "Control" of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors or similar governing body of such Person; and the term "Controlled" has the meaning correlative to the foregoing.

1.11 "Convertible Note Holders" mean a registered holder of the Convertible Notes, and a "Convertible Note Holder" refers to any of the Convertible Note Holders.

1.12 "Convertible Notes" means the convertible notes that the Company issues to the purchaser named therein pursuant to the convertible note and warrant purchase agreement dated July 28, 2020.

1.13 "Equity Securities" means, with respect to a given Person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such Person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such Person, or any Contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly.

1.14 "Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

1.15 "Form F-3" means Form F-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

1.16 "Form S-3" means Form S-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

1.17 "Governmental Authority" means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction.

1.18 "Holders" means the holders of Registrable Securities who are parties to this Agreement from time to time, and their permitted transferees that become parties to this Agreement from time to time.

1.19 "Initiating Holders" means, with respect to a request duly made under Section 2.1 or 2.2 to Register any Registrable Securities, the Holders initiating such request.

1.20 "Law" means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common or customary law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure of any Governmental Authority.

1.21 "Ordinary Shares" mean collectively, the Company's Class A Ordinary Shares and Class B Ordinary Shares.

1.22 "Persons" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.

1.23 "Registrable Securities" means (i) the Ordinary Shares underlying ADSs issued or issuable upon conversion of the Convertible Notes, (ii) any Ordinary Shares owned or hereafter acquired by any Convertible Note Holder, and (iii) any Ordinary Shares of the Company issued as a dividend or other distribution with respect to, in exchange for, or in replacement of, the shares referenced in (i) and (ii) herein. For purposes of this Agreement, Registrable Securities shall cease to be Registrable Securities when a Registration Statement covering such Registrable Securities has been declared or ordered effective under the Securities Act by the Commission whether or not such Registrable Securities have been disposed of pursuant to such effective Registration Statement.

1.24 "Registration" means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement; and the terms "Register" and "Registered" have meanings concomitant with the foregoing.

1.25 "Registration Statement" means a registration statement prepared on Form F-1, F-3, S-1, or S-3 under the Securities Act (including, without limitation, Rule 415 under the Securities Act), or on any comparable form in connection with registration in a jurisdiction other than the United States.

1.26 "Securities Act" means the United States Securities Act of 1933, as amended.

1.27 "Violation" has the meaning set forth in Section 5.1(a) hereof.

2. DEMAND REGISTRATION.

2.1 Registration other than on Form F-3 or Form S-3. Subject to the terms of this Agreement, at any time after the fourth (4th) anniversary of November 6, 2019, Holder(s) holding at least 10% or more of the issued and outstanding Registrable Securities (on an as-converted basis) may request in writing that the Company effect a Registration of Registrable Securities on any internationally recognized exchange that is reasonably acceptable to such requesting Holder(s). Upon receipt of such a request, the Company shall (x) within ten (10) Business Days of the receipt of such written request give written notice of the proposed Registration to all other Holders and (y) as soon as practicable, use its best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within twenty (20) days after receipt of the such written request, to be Registered and/or qualified for sale and distribution in such jurisdiction as the Initiating Holders may request. The Company shall be obligated to effect no more than three (3) Registrations pursuant to Section 2.1 hereof that have been declared and ordered effective; provided that if the sale of all of the Registrable Securities sought to be included pursuant to this Section 2.1 hereof is not consummated for any reason other than due to the action or inaction of the Holders including Registrable Securities in such Registration, such Registration shall not be deemed to constitute one of the Registration rights granted pursuant to Section 2.1 hereof.

2.2 Registration on Form F-3 or Form S-3. Subject to the terms of this Agreement, if the Company qualifies for registration on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), any Holder may request the Company to file, in any jurisdiction in which the Company has had a registered underwritten public offering, a Registration Statement on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), including without limitation any registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or a delayed basis by the Holders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the Commission. Upon receipt of such a request, the Company shall (i) promptly give written notice of the proposed Registration to all other Holders and (ii) as soon as practicable, use its best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within twenty (20) days after the Company's delivery of written notice, to be Registered and qualified for sale and distribution in such jurisdiction within sixty (60) days of the receipt of such request. The Holders shall be entitled to an unlimited number of Registrations pursuant to this Section 2.2., provided the Company shall be obligated to effect no more than one (1) Registrations that have been declared and ordered effective within any twelve (12)-month period pursuant to this Section 2.2.

2.3 Right of Deferral.

(a) The Company shall not be obligated to Register or qualify Registrable Securities pursuant to Section 2 of this Exhibit:

(i) if, within ten (10) days of the receipt of any request of the Holders to Register any Registrable Securities under Section 2.1 and Section 2.2 hereof, the Company gives notice to the Initiating Holders of its bona fide intention to effect the filing for its own account of a Registration Statement of Ordinary Shares within sixty (60) days of receipt of that request; provided, that the Company is actively employing in good faith its best efforts to cause that Registration Statement to become effective within sixty (60) days of receipt of that request; provided, further, that the Holders are entitled to join such Registration subject to Section 3 hereof (other than a registration of securities in a transaction under Rule 145 of the Securities Act or with respect to an employee benefit plan); or

(ii) during the period starting with the date of filing by the Company of and ending sixty (60) days in the case of any offering of Ordinary Shares, in each case following the effective date of any Registration Statement pertaining to Ordinary Shares of the Company; provided, that the Holders are entitled to join such Registration subject to Section 3 hereof (other than a registration of securities in a transaction under Rule 145 of the Securities Act or with respect to an employee benefit plan).

(b) If, after receiving a request from Holders pursuant to Section 2.1 or 2.2 hereof, the Company furnishes to the Holders a certificate signed by the chief executive officer of the Company stating that, in the good faith judgment of the Board, it would be materially detrimental to the Company or its members or shareholders for a Registration Statement to be filed in the near future, then the Company shall have the right to defer such filing for a period during which such filing would be materially detrimental, provided, that that the Company may not utilize this right and/or the deferral right contained in this clause (ii) for more than ninety (90) days on any one occasion or for more than once during any twelve (12) month period; provided, further, that the Company may not Register any other of its securities during such period (except for Registrations contemplated by Section 3.4 of this Exhibit).

2.4 Underwritten Offerings. If, in connection with a request to Register Registrable Securities under Section 2.1 or 2.2 hereof, the Initiating Holders seek to distribute such Registrable Securities in an underwritten offering, they shall so advise the Company as part of the request, and the Company shall include such information in the written notice to the other Holders described in Sections 2.1 and 2.2 hereof. In such event, the right of any Holder to include its Registrable Securities in such Registration shall be conditioned upon such Holder's participation in such underwritten offering and the inclusion of such Holder's Registrable Securities in the underwritten offering (unless the Holders of a majority of the voting power of all Registrable Securities proposed to be included in such Registration elect to distribute such Registrable Securities through a different distribution method, or otherwise mutually agreed by a majority-in-interest of the Initiating Holders and such Holder, taken together) to the extent provided herein. All Holders proposing to distribute their securities through such underwritten offering shall enter into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected for such underwritten offering by the Holders of a majority of the voting power of all Registrable Securities proposed to be included in such Registration and reasonably acceptable to the Company. Notwithstanding any other provision of this Agreement, if the managing underwriter advises the Company that marketing factors (including without limitation the aggregate number of securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten in a Registration pursuant to Section 2.1 or 2.2 hereof, the underwriters may exclude up to 75% of the Registrable Securities requested to be Registered but only after first excluding all other Equity Securities from the Registration and underwritten offering and so long as the number of Registrable Securities to be included in the Registration is allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities requested by such Holders to be included. Any Registrable Securities excluded or withdrawn from such underwritten offering shall be withdrawn from the Registration. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to a Holder to the nearest one hundred (100) shares.

3. PIGGYBACK REGISTRATIONS.

3.1 Registration of the Company's Securities. Subject to the terms of this Agreement, if the Company proposes to Register for its own account any of its Equity Securities, or for the account of any holder (other than a Holder) of Equity Securities any of such holder's Equity Securities (except as set forth in Section 3.4 hereof); the Company shall promptly give each Holder written notice of such Registration and, upon the written request of any Holder given within fifteen (15) days after delivery of such notice, the Company shall use its best efforts to include in such Registration any Registrable Securities thereby requested to be Registered by such Holder. Without limiting the foregoing, the Holders shall be entitled to an unlimited number of Registrations pursuant to this Section 3.1. If a Holder decides not to include all or any of its Registrable Securities in such Registration by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent Registration Statement or Registration Statements as may be filed by the Company, all upon the terms and conditions set forth herein. The Company shall not grant to any other convertible note holder any similar rights in this Section 3.1 superior to those of the Convertible Note Holders, except with the consent of Convertible Note Holders.

3.2 Right to Terminate Registration. The Company shall have the right to terminate or withdraw any Registration initiated by it under Section 3.1 hereof prior to the effectiveness of such Registration, whether or not any Holder has elected to participate therein. The expenses of such withdrawn Registration shall be borne by the Company in accordance with Section 4.3 hereof.

3.3 Underwriting Requirements.

(i) In connection with any offering involving an underwriting of the Company's Equity Securities, the Company shall not be required to Register the Registrable Securities of a Holder under Section 3 hereof unless such Holder's Registrable Securities are included in the underwritten offering and such Holder enters into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected by the Company and setting forth such terms for the underwritten offering as have been agreed upon between the Company and the underwriters. In the event the underwriters advise Holders seeking Registration of Registrable Securities pursuant to Section 3 hereof in writing that market factors (including the aggregate number of Registrable Securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten, the underwriters may exclude shares from the Registration and the underwriting, and the number of shares that may be included in the Registration and the underwriting shall be allocated, first, to the Company, second, to each of the Holders requesting inclusion of their Registrable Securities in such Registration Statement on a pro rata basis based on the total number of shares of Registrable Securities then held by each such Holder, and third, to holders of other Equity Securities of the Company; provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the Registration and underwriting as described above shall be restricted so that all shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer or director of the Company (or any subsidiary of the Company) shall first be excluded from such Registration and underwriting before any Registrable Securities are so excluded; provided, further, that the Registrable Securities requested by the Holders to be included in such underwriting and Registration shall not be cut back to less than twenty-five percent (25%) of the Equity Securities of the Company included in such underwriting and Registration. In any event, no convertible note holder shall be granted Registration pursuant to Section 3.1 hereof which would reduce the number of Shares to be included by the Holders except with the consent of the Convertible Note Holders.

(ii) If any Holder disapproves the terms of any underwriting, the Holder may elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least ten (10) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from the underwritten offering shall be withdrawn from the Registration. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any Registration proceeding begun pursuant to Section 2.1 or 2.2 hereof if the Registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless such withdrawal is due to an action or inaction of the Company or an event outside of the reasonable Control of such Holders.

3.4 Exempt Transactions. The Company shall have no obligation to Register any Registrable Securities under Section 3 hereof in connection with a Registration by the Company (i) relating solely to the sale of securities to participants in a company share plan, or (ii) relating to a corporate reorganization or other transaction under Rule 145 of the Securities Act (or comparable provision under the Laws of another jurisdiction, as applicable).

4. REGISTRATION PROCEDURES.

4.1 Registration Procedures and Obligations. Whenever required under this Agreement to effect the Registration of any Registrable Securities held by the Holders, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the Commission a Registration Statement with respect to those Registrable Securities and use its best efforts to cause that Registration Statement to become effective, and, upon the request of the Holders holding a majority of the Registrable Securities Registered thereunder, keep the Registration Statement effective for up to one hundred twenty (120) days or, if earlier, until the distribution thereunder has been completed; provided, however, that (a) such one hundred twenty (120) day period shall be extended for a period of time equal to the period any Holder refrains from selling any Registrable Securities included in such Registration at the written request of the underwriter(s) for such Registration, and (b) in the case of any Registration of Registrable Securities on Form F-3 or Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable rules promulgated by the Securities and Exchange Commission, such one hundred twenty (120) day period shall be extended, if necessary, to keep the Registration Statement or such comparable form, as the case may be, effective until all such Registrable Securities are sold;

(b) Prepare and file with the Commission amendments and supplements to that Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of applicable securities Laws with respect to the disposition of all securities covered by the Registration Statement;

(c) Furnish to the Holders the number of copies of a prospectus, including a preliminary prospectus, required by applicable securities Laws, and any other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(d) Use its best efforts to Register and qualify the securities covered by the Registration Statement under the securities Laws of any jurisdiction, as reasonably requested by the Holders, provided, that the Company shall not be required to qualify to do business or file a general consent to service of process in any such jurisdictions;

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in customary form, with the managing underwriter(s) of the offering and take such other actions as are prudent and reasonably required in order to facilitate the disposition of such Registrable Securities, including causing its officers to participate in “road shows” and other information meetings organized by underwriters;

(f) Promptly notify each Holder of Registrable Securities covered by the Registration Statement at any time when a prospectus relating thereto is required to be delivered under applicable securities Laws of (a) the issuance of any stop order by the Commission, or (b) the happening of any event or the existence of any condition as a result of which any prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, or if in the opinion of counsel for the Company it is necessary to supplement or amend such prospectus to comply with Law, and at the request of any such Holder promptly prepare and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made or such prospectus, as supplemented or amended, shall comply with Law;

(g) Furnish, at the request of any Holder requesting Registration of Registrable Securities pursuant to this Agreement, on the date that such Registrable Securities are delivered for sale in connection with a Registration pursuant to this Agreement, (i) an opinion, dated the date of the sale, of the counsel representing the Company for the purposes of the Registration, in form and substance as is customarily given to underwriters in an underwritten public offering; and (ii) a comfort letter dated the date of the sale, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters;

(h) Otherwise comply with all applicable rules and regulations of the Commission to the extent applicable to the applicable registration statement and use its best efforts to make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Securities Act, no later than forty-five (45) days after the end of a twelve (12) month period (or ninety (90) days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of such registration statement, which statement shall cover such twelve (12) month period, subject to any proper and necessary extensions;

(i) Not, without the prior consent of the Holders of at least a majority of voting power of the then outstanding Registrable Securities, make any offer relating to the securities that would constitute a "free writing prospectus", as defined in Rule 405 promulgated under the Securities Act;

(j) Provide a transfer agent and registrar for all Registrable Securities Registered pursuant to the Registration Statement and, where applicable, a number assigned by the Committee on Uniform Securities Identification Procedures for all those Registrable Securities, in each case not later than the effective date of the Registration;

(k) make available at reasonable times for inspection by any seller of Registrable Securities, any managing underwriter participating in any disposition of such Registrable Securities pursuant to a Registration Statement, Holders' legal counsel and any attorney, accountant or other agent retained by any such seller or any managing underwriter (each, an "Inspector" and collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's and its subsidiaries' officers, directors and employees, and the independent public accountants of the Company, to supply all information reasonably requested by any such Inspector in connection with such Registration Statement. Records that the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors (and the Inspectors shall confirm their agreement in writing in advance to the Company if the Company shall so request) unless (i) the disclosure of such Records is necessary, in the Company's judgment, to avoid or correct a misstatement or omission in the Registration Statement, (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction after exhaustion of all appeals therefrom or (iii) the information in such Records was known to the Inspectors on a non-confidential basis prior to its disclosure by the Company or has been made generally available to the public. Each seller of Registrable Securities agrees that it shall, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential;

(l) in the event of an underwritten public offering, obtain a “cold comfort” letters dated the effective date of the Registration Statement and the date of the closing under the underwriting agreement from the Company’s independent public accountants in customary form and covering such matters of the type customarily covered by “cold comfort” letters as the managing underwriter reasonably requests;

(m) furnish, at the request of any seller of Registrable Securities on the date such securities are delivered to the underwriters for sale pursuant to such registration or, if such securities are not being sold through underwriters, on the date the Registration Statement with respect to such securities becomes effective, an opinion, dated such date, of counsel representing the Company for the purposes of such registration, addressed to the underwriters, if any, and to the seller making such request, covering such legal matters with respect to the registration in respect of which such opinion is being given as the underwriters, if any, and such seller may reasonably request and are customarily included in such opinions;

(n) cooperate with each seller of Registrable Securities and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the Financial Industry Regulatory Authority, Inc.; and

(o) Take all reasonable actions necessary to list the Registrable Securities on the primary exchange on which the Company’s securities are then traded.

4.2 Information from Holder. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement with respect to the Registrable Securities of any selling or registering Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the Registration of such Holder’s Registrable Securities.

4.3 Expenses of Registration. All expenses, other than the underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to this Agreement (which shall be borne by the Holders requesting Registration on a pro rata basis in proportion to their respective numbers of Registrable Securities sold in such Registration), incurred in connection with Registrations, filings or qualifications pursuant to this Agreement, including (without limitation) all Registration, filing and qualification fees, printers’ and accounting fees, fees charged by any share registration and/or depository agent, fees and disbursements of counsel for the Company and reasonable fees and disbursement of one counsel for all selling Holders, shall be borne by the Company. The Company shall not, however, be required to pay for any expenses of any Registration proceeding begun pursuant to this Agreement if the Registration request is subsequently withdrawn at the request of a majority-in-interest of the Holders requesting such Registration (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be thereby Registered in the withdrawn Registration).

5. REGISTRATION-RELATED INDEMNIFICATION.

5.1 Company Indemnity.

(a) To the maximum extent permitted by Law, the Company shall indemnify and hold harmless each Holder, such Holder's partners, officers, directors, shareholders and legal counsel, any underwriter (as defined in the Securities Act) and each Person, if any, who Controls (as defined in the Securities Act) such Holder or underwriter, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under Laws which are applicable to the Company and relate to action or inaction required of the Company in connection with any Registration, qualification, or compliance, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (each a "Violation"): (a) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), (b) the omission or alleged omission to state in the Registration Statement, on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any violation or alleged violation by the Company of applicable securities Laws, or any rule or regulation promulgated under applicable securities Laws. The Company will reimburse each such Holder, underwriter or Controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action.

(b) The indemnity agreement contained in Section 5.1 hereof shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises solely out of or is solely based upon a Violation that occurs in reliance upon and in conformity with written information furnished in a certificate expressly for use in connection with such Registration by any such Holder, such Holder's partners, officers, directors, and legal counsel, any underwriter (as defined in the Securities Act) and each Person, if any, who Controls (as defined in the Securities Act) such Holder or underwriter. Further, the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Holder or other aforementioned Person, or any Person controlling such Holder, from whom the Person asserting any such losses, claims, damages or liabilities purchased shares in the offering, if a copy of the most current prospectus was not sent or given by or on behalf of such Holder or other aforementioned Person to such Person, if required by Law to have been so delivered, at or prior to the written confirmation of the sale of the shares to such Person, and if the prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

5.2 Holder Indemnity.

(a) To the maximum extent permitted by Law, each selling Holder that has included Registrable Securities in a Registration will, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, legal counsel and accountants, any underwriter, any other Holder selling securities in connection with such Registration and each Person, if any, who Controls (within the meaning of the Securities Act) the Company, such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing Persons may become subject, under applicable securities Laws, or any rule or regulation promulgated under applicable securities Laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder in a certificate expressly for use in connection with such Registration; and each such Holder will reimburse any Person intended to be indemnified pursuant to Section 5.2 hereof, for any legal or other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability or action. No Holder's liability under Section 5.2 hereof shall exceed the net proceeds (less underwriting discounts and selling commissions) received by such Holder from the offering of securities made in connection with that Registration.

(b) The indemnity contained in Section 5.2 hereof shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld or delayed).

5.3 Notice of Indemnification Claim. Promptly after receipt by an indemnified party under Section 5.1 or 5.2 hereof of notice of the commencement of any action (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under Section 5.1 or 5.2 hereof, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the indemnifying parties. An indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonably incurred fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver a written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under Section 5 hereof, but the omission to deliver a written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 5 of this Exhibit.

5.4 Contribution. If any indemnification provided for in Section 5.1 or 5.2 hereof is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other, in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. No Holder's liability under Section 5.4 hereof, when combined with such Holder's liability under Section 5.2 hereof, shall exceed the net proceeds (less underwriting discounts and selling commissions) received by such Holder from the offering of securities made in connection with that Registration.

5.5 Underwriting Agreement. To the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

5.6 Survival. The obligations of the Company and Holders under Section 5 hereof shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Agreement.

6. ADDITIONAL REGISTRATION-RELATED UNDERTAKINGS.

6.1 Reports under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act and any comparable provision of any applicable securities Laws that may at any time permit a Holder to sell securities of the Company to the public without Registration or pursuant to a Registration on Form F-3 or Form S-3 (or any comparable form in a jurisdiction other than the United States), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 (or comparable provision, if any, under applicable securities Laws in any jurisdiction where the Company's securities are listed), at all times following ninety (90) days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under all applicable securities Laws; and

(c) at any time following ninety (90) days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public by the Company, promptly furnish to any Holder holding Registrable Securities, upon request (i) a written statement by the Company that it has complied with the reporting requirements of all applicable securities Laws at any time after it has become subject to such reporting requirements or, at any time after so qualified, that it qualifies as a registrant whose securities may be resold pursuant to Form F-3 or Form S-3 (or any form comparable thereto under applicable securities Laws of any jurisdiction where the Company's securities are listed), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents as filed by the Company with the Commission, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission, that permits the selling of any such securities without Registration or pursuant to Form F-3 or Form S-3 (or any form comparable thereto under applicable securities Laws of any jurisdiction where the Company's Securities are listed).

6.2 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of Holders of at least a majority of the then outstanding Registrable Securities held by all Holders, enter into any agreement with any holder or prospective holder of any Equity Securities of the Company that would allow such holder or prospective holder (a) to include such Equity Securities in any Registration filed under Section 2 or 3 hereof, unless under the terms of such agreement such holder or prospective holder may include such Equity Securities in any such Registration only to the extent that the inclusion of such Equity Securities will not reduce the amount of the Registrable Securities of the Holders that are included, (b) to demand Registration of their Equity Securities on a basis more favorable to such holders or prospective holders than is provided to the Holders of Registrable Securities, or (c) to cause the Company to include such Equity Securities in any Registration filed under Section 2 or 3 hereof on a basis more favorable to such holder or prospective holder than is provided to the Holders of Registrable Securities.

6.3 Termination of Registration Rights. The registration rights set forth in Sections 2 and 3 hereof above shall terminate on the later of (a) the fifth (5th) anniversary after the earlier of November 6, 2019, and (b) with respect to any Holder, the date which such Holder holds less than 1% of the Equity Securities of the Company and all Registrable Securities may be sold under Rule 144 of the Securities Act in any ninety (90)-day period.

6.4 Exercise of Convertible Notes or Warrants. Notwithstanding anything to the contrary provided in this Agreement, the Company shall have no obligation to register Convertible Notes or Warrants which, have not been exercised, converted or exchanged, as applicable, for ADSs.

7. JURISDICTION.

The terms of this Exhibit are drafted primarily in contemplation of an offering of securities in the United States of America. The Parties recognize, however, the possibility that securities may be qualified or registered for offering to the public in a jurisdiction other than the United States of America where registration rights have significance or that the Company might affect an offering in the United States of America in the form of American depositary receipts or American depositary shares. Accordingly, it is their intention that, whenever this Exhibit or any other provision of this Agreement refers to a Law, form, process or institution of the United States of America but the Parties wish to effectuate qualification or registration in a different jurisdiction where registration rights have significance, such references to the Laws or institutions of the United States shall be read as referring, mutatis mutandis, to the comparable Laws or institutions of the jurisdiction in question.

8. ASSIGNMENT OF REGISTRATION RIGHTS.

The rights to cause the Company to register Registrable Securities pursuant to this Exhibit may be assigned (but only with all related obligations) by (a) a Holder that is a partnership, to any partner, retired partner or Affiliated fund of such Holder, (b) a Holder that is a limited liability company, to any member or former member of such Holder, (c) a Holder who is an individual, to such Holder's family member or trust for the benefit of such Holder or such Holder's family member, (d) a Holder that is a corporation to its shareholders in accordance with their interests in the corporation, or (d) to any other Person who immediately after such assignment becomes the Holder of at least 2% of Registrable Securities; provided (in all cases) (i) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (ii) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement; and (iii) such assignments shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Securities Act.

Exhibit 8.1

Significant Subsidiaries and VIE of the Registrant

Significant Subsidiaries of the Registrant	Place of Incorporation
QK365.com INC.	British Virgin Islands
QINGKE (CHINA) LIMITED	Hong Kong
Shanghai Qingke Investment Consulting Co., Ltd.	China
Qingke (Shanghai) Artificial Intelligence Technology Co., Ltd.	China
Chengdu Liwu Apartment Management Co., Ltd.	China

VIE	Place of Incorporation
Shanghai Qingke E-Commerce Co., Ltd.	China

Significant Subsidiaries of the VIE	Place of Incorporation
Shanghai Qingke Equipment Rental Co., Ltd.	China
Shanghai Qingke Trade Co., Ltd.	China
Shanghai Qingke Creative Industry Supporting Property Management Co., Ltd.	China
Shanghai Min Qing Property Management Co., Ltd.	China
Shanghai Qing Teng Investment Management Center (Limited Partnership)	China
Suzhou Qingke Information Technology Co., Ltd.	China
Shanghai Qingke Public Rental Housing Leasing Management Co., Ltd.	China

Exhibit 12.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Chengcai Qu, certify that:

1. I have reviewed this annual report on Form 20-F of Q&K International Group Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 16, 2021

By: /s/ Chengcai Qu
Name: Chengcai Qu
Title: Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)

Exhibit 12.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Zhichen (Frank) Sun, certify that:

1. I have reviewed this annual report on Form 20-F of Q&K International Group Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 16, 2021

By: /s/ Zhichen (Frank) Sun
Name: Zhichen (Frank) Sun
Title: Chief Financial Officer (principal financial officer)

Exhibit 13.1

CERTIFICATION BY THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Q&K International Group Limited (the "Company") on Form 20-F for the fiscal year ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chengcai Qu, Chairman of the Board of Directors and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C.§ 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 16, 2021

By: /s/ Chengcai Qu
Name: Chengcai Qu
Title: Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)

Exhibit 13.2

CERTIFICATION BY THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Q&K International Group Limited (the "Company") on Form 20-F for the fiscal year ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Zhichen (Frank) Sun, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C.§ 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 16, 2021

By: /s/ Zhichen (Frank) Sun
Name: Zhichen (Frank) Sun
Title: Chief Financial Officer (principal financial officer)

Exhibit 15.1

君合律师事务所

26/F, HKRI Centre One, HKRI Taikoo Hui
288 Shimen Road (No.1)
Shanghai 200041, P. R. China
T: (86-21) 5298-5488
F: (86-21) 5298-5492

February 16, 2021

Q&K International Group Limited

Suite 1607, Building A

No.596 Middle Longhua Road

Xuhui District, Shanghai, 200032

People's Republic of China

Dear Sir/Madam:

We hereby consent to the references to our firm's name under the headings "Item 3. Key Information—D. Risk Factors," "Item 4. Information on the Company—C. Organizational Structure" and "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings" in Q&K International Group Limited's annual report on Form 20-F for the fiscal year ended September 30, 2020 (the "Annual Report"), which will be filed with the Securities and Exchange Commission (the "SEC") on the date hereof. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Very truly yours,

/s/ JunHe LLP

JunHe LLP

Exhibit 16.1

February 16, 2021

Securities and Exchange Commission
100F Street, N.E. Washington, D.C.
20549-7561

Dear Sirs/Madams,

We have read Item 16F of Q&K International Group Limited's Form 20-F dated February 16, 2021 and have the following comments:

1. We agree with the statements made in the first sentence of paragraph 1 and paragraphs 2 and 3 of Item 16F for which we have a basis on which to comment on, and we agree with, the disclosures.

2. We have no basis on which to agree or disagree with the statements made in sentence 2 of paragraph 1 and paragraph 5 of Item 16F.

Yours faithfully,

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, China