This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any [**REDACTED**]. *Some of the particular risks of* [**REDACTED**] *in the* [**REDACTED**] *are set out in "Risk Factors". You should read the entire document carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

As one of the leading and fast-growing rental apartment services platforms which pioneered the centralized rental apartment model in China, we provide conveniently located rental apartments at affordable prices in centrally managed buildings with modern facilities. Our offerings address the evolving demands of a wide array of urban residents. As of December 31, 2022, we have built an inclusive resident community nationwide with 76,245 apartments in operation across 388 locations in 25 cities. We operate our apartment operation business in the centralized rental apartment market, which is part of the institutionalized rental apartment market. According to Frost & Sullivan, the penetration rate of institutionalized rental apartment was only 8.2% in China in 2022 with its market size reaching RMB139.4 billion. In 2022, the size of the centralized rental apartment market in China reached RMB51.1 billion. According to Frost & Sullivan, we ranked first among independent centralized rental apartment operators, in terms of the number of apartments in operation as of December 31, 2022.

We operate rental apartments under two models: (i) the leased-and-operated model, under which we enter into en bloc leases or leases for part of buildings, and manage and operate such leased properties, and (ii) the manachised and third-party managed model, under which we manage and operate franchised apartments either under our own brands or under the brands of the relevant entrusting parties. Under both the leased-and-operated model and the manachised and third-party managed model, we do not own any of the apartment properties where our rental apartments are located. Our ability to manage apartment communities under different models enables us to satisfy various demands of residents, landlords, franchisees and entrusting parties, empowers us to adjust our expansion strategies in different tier cities and strengthens our overall business resilience.

Our brand underlies our historical success and future growth. We launched our flagship brands: (i) Mofang Apartment (魔方公寓) targeting white-collar workers pursuing quality rental life, in 2009, and (ii) Unit 9 Apartment (9號樓公寓), providing dormitory living solutions to blue-collar workers, in 2016, each of which became the most recognized brand in their respective submarkets, according to Frost & Sullivan. Our multi-brand strategy formally launched in 2016 has effectively boosted our development in the centralized rental apartment industry in China by diversifying our product lines to compete for customers with diverging demands and preferences for rental solutions.

During the Track Record Period, we realized rapid growth while maintaining healthy financial performance. Our revenue increased by 55.0% from RMB949.0 million in 2020 to RMB1,471.1 million in 2021. The growth of our revenue in 2021 was mainly from acquisitions, and to a lesser extent, from organic growth. This growth in revenue was also facilitated by our fast recovery from the negative impact from the COVID-19 pandemic on our operations. Correspondingly, while we recorded a net loss of RMB230.3 million in 2020, we achieved a net profit of RMB301.9 million in 2021. In 2022, faced with renewed pressure imposed by the COVID-19 pandemic and the responsive measures introduced by public authorities in China, our financial performance managed to show a measurable level of resilience with our revenue amounting to RMB1,714.1 million in 2022, which represents an increase of 16.5% from that in 2021.

We expect our fast growth to also benefit from our industry's strong potential. China's rental apartment industry has grown significantly to RMB1.7 trillion by the end of 2022 and is expected to further expand to RMB2.6 trillion by the end of 2027, representing a CAGR of 8.7%, according to Frost & Sullivan. The centralized rental apartment market in China is expected to grow even faster, from RMB51.1 billion in 2022 to RMB136.6 billion in 2027, achieving a CAGR of 21.7%, according to Frost & Sullivan.

OUR APARTMENT NETWORK

We started the centralized rental apartment business in Nanjing in 2009. Since then, leveraging years of experience and know-how accrued in rental apartment management and operation, we expanded into other cities across China, including Shanghai and Guangzhou in 2013, Beijing and Shenzhen in 2014, and Hangzhou in 2016. As of December 31, 2022, we had 76,245 apartments in operation across 388 locations in 25 cities.

The following table sets forth a breakdown of the total number of apartments under our operation by business model and city tier as of the dates indicated:

	As of December 31,								
	2020			2021			2022		
	Tier 1 cities(1)	Other cities(2)	Total	Tier 1 cities(1)	Other cities(2)	Total	Tier 1 cities(1)	Other cities(2)	Total
Leased-and-operated apartments	21,610	10,271	31,881	38,579	11,495	50,074	39,048	11,785	50,833
Manachised and third-party managed apartments	2,717	4,432	7,149	10,500	15,313	25,813	10,739	14,673	25,412
Total	**24,327**	**14,703**	**39,030**	**49,079**	**26,808**	**75,887**	**49,787**	**26,458**	**76,245**

Notes:

(1) Tier 1 cities include Beijing, Shanghai, Guangzhou and Shenzhen.

(2) Other cities include Nanjing, Chengdu, Hangzhou, Wuhan, Xi'an, Zhengzhou, Changsha, Dongguan, Tianjin, Xiamen, Suzhou, Qingdao, Wuxi, Kunshan, Hefei, Nantong, Ningbo, Foshan, Nanchang, Wenzhou, Quanzhou, Huizhou, Zhenjiang and Quzhou. Based on the presence of our apartment operation business, the scope of other cities may vary from time to time.

As of December 31, 2021, the total number of apartments under our operation reached 75,887, representing a significant increase of 94.4% as compared to the number of apartments as of December 31, 2020. Specifically, the total number of our leased-and-operated apartments increased by 57.1% from 31,881 as of December 31, 2020 to 50,074 as of December 31, 2021, which was primarily driven by the facts that (i) we implemented our strategy to further expand our apartment network through organic growth and (ii) we, as a leading consolidator, implemented several strategic acquisitions during the year to strengthen our leading position in the centralized rental apartment market. The total number of our manachised and third-party managed apartments increased by 261.1% from 7,149 as of December 31, 2020 to 25,813 as of December 31, 2021. This is primarily because we were engaged in January 2021 pursuant to a cooperative agreement to operate approximately 20,000 apartments through the manachised and third-party managed model, which was the largest-scale cooperative agreement within the rental apartment industry at the time according to Frost & Sullivan. The total number of apartments under our operation increased slightly from 75,887 as of December 31, 2021 to 76,245 as of December 31, 2022, primarily because our expansion plan was disrupted by the recurrent COVID-19 outbreaks in major Chinese cities in 2022.

OUR BUSINESS MODELS

Our apartments are primarily operated under two models: the leased-and-operated model and the manachised and third-party managed model.

Leased-and-Operated Model

Under the leased-and-operated model, we enter into en bloc leases or leases for part of buildings with property owners or sublessors of the target apartment properties. We usually enter into long-term leases for such apartment properties with an initial lease term generally ranging from 10 to 15 years.

After renovating and furnishing the leased properties following consistent standards, we provide such rental apartments to residents together with our quality services. The residents typically enter into a lease of one year with us, which is renewable by mutual agreement, and pay rents either on a quarterly basis or a monthly basis. We manage and operate these apartments and bear the accompanying expenses. We are responsible for recruiting, training and supervising the managers and other staff of each apartment community, paying for leases of the apartment communities and costs associated with renovation and furniture, and purchasing all supplies and other required equipment.

Average Rental Rate and Occupancy Rate

The following table sets forth average monthly rental rate per apartment by apartment types and city tiers, average monthly rental rate per square meter by apartment types and city tiers, average occupancy rate by apartment types and city tiers, and average occupancy rate by brands of our apartments operated under the leased-and-operated model for the years indicated:

	For the Year Ended December 31,		
	2020	**2021**	**2022**
Average monthly rental rate per apartment (RMB) by apartment types(1)			
White-collar apartments	2,964	3,025	2,922
Blue-collar dormitories	3,425	3,629	3,710
	3,086	**3,164**	**3,137**
Average monthly rental rate per apartment (RMB) by city tiers(2)			
Tier 1 cities	3,446	3,389	3,386
Other cities	2,328	2,468	2,290
	3,086	**3,164**	**3,137**
Average monthly rental rate per square meter (RMB) by apartment types(3)			
White-collar apartments	75.2	88.1	84.0
Blue-collar dormitories	71.2	89.4	93.1
	74.0	**88.4**	**86.7**
Average monthly rental rate per square meter (RMB) by city tiers(4)			
Tier 1 cities	80.1	95.3	94.4
Other cities	59.8	67.7	61.5
	74.0	**88.4**	**86.7**

	For the Year Ended December 31,		
	2020	**2021**	**2022**
Average occupancy rate by apartment types(5)			
White-collar apartments	83.6%	87.0%	85.1%
Blue-collar dormitories	72.1%	85.0%	84.4%
	80.2%	**86.5%**	**84.9%**
Average occupancy rate by city tiers(6)			
Tier 1 cities	80.2%	87.2%	84.4%
Other cities	80.2%	84.6%	86.7%
Total	**80.2%**	**86.5%**	**84.9%**
Average occupancy rate by brands(7)			
Mofang Apartment	85.6%	88.9%	85.6%
MORE Apartment	70.6%	81.4%	79.2%
WE Apartment	76.7%	89.0%	85.7%
Unit 9 Apartment	73.3%	86.4%	87.2%
Hui House	86.3%	92.0%	89.8%
Chummy Space	–	–	76.2%

Notes:

(1) Average monthly rental rate for a given year equals the total rental income (excl. VAT) in a given year divided by the aggregate number of apartments that have been successfully rented out in the same year.

(2) Average monthly rental rate per apartment in a tier of cities for a given year equals the total rental income (excl. VAT) in a given year generated from the tier of cities divided by the aggregate number of apartments that have been successfully rented out in the same year in the tier of cities.

(3) Average monthly rental rate per square meter of a certain type of apartments for a given year equals the total rental income (excl. VAT) generated from such type of apartments in a given year divided by the gross floor area of rental apartments of such type that have been successfully rented out in the same year.

(4) Average monthly rental rate per square meter for a tier of cities in a given year equals the total rental income (excl. VAT) generated from such tier of cities in a given year divided by the gross floor area of rental apartments in such tier of cities that have been successfully rented out in the same year.

(5) Average occupancy rate of each year equals the combined number of apartments that have been successfully rented out on each calendar day during such year divided by the combined number of apartments that are available for rental on each calendar day over the same year.

(6) Average occupancy rate for a tier of cities in a given year equals the combined number of apartments in a tier of cities that have been successfully rented out on each calendar day during such year divided by the combined number of apartments that are available for rental in such tier of cities on each calendar day over the same year.

(7) Average occupancy rate for each brand in a given year equals the combined number of apartments under a certain brand that have been successfully rented out on each calendar day during such year divided by the combined number of apartments that are available for rental under such brand on each calendar day over the same year.

Our Group's contribution margin, which is defined as the difference between average monthly rental rate per apartment and average monthly rental cost per apartment divided by average monthly rental rate per apartment, reached 40.6% in 2020, 43.1% in 2021 and 43.0% in 2022. According to Frost & Sullivan, the industry-wide contribution margin of the centralized rental apartment market was typically between 30.0% and 45.0% in 2022.

Other Key Operating Metrics

Leveraging our rich experience acquired from our continued operations in China's centralized rental apartment market, we have expanded our apartment operation business under the leased-and-operated model in target markets in China over the years. The following table sets forth the number of residents, number of landlords, average lease period with residents, renewal rate of residents, average renovation cost per apartment, and average operating cost per apartment in relation to our business under the leased-and-operated model as of the dates or for the years indicated:

	As of/For the Year Ended December 31,		
	2020	**2021**	**2022**
Number of residents	45,614	63,746	60,073
Number of landlords	184	269	267
Average lease period with residents (month)(1)	10.5	11.1	11.7
Renewal rate of residents(2)	45.0%	41.4%	45.7%
Average renovation cost per apartment (RMB)(3)	48,457	46,024	44,001
Average operating cost per apartment (RMB)(4)	383	322	307

Notes:

(1) Average lease period with residents in a given year equals the sum of the weighted average lease term of each apartment that has been rented out during the given year divided by the number of rental apartments that have been successfully rented out during such year.

(2) Renewal rate of residents in a given year equals the number of apartments for which the rental contracts are renewed in the given year divided by the number of apartments for which the rental contracts expire (excluding the number of apartments for which the rental contracts are terminated because of contractual breaches) during the year. Sometimes we enter into new rental contracts with existing residents for new apartments. These rental contracts are not included in our calculation of renewal rate of residents.

(3) Average renovation cost per apartment in a given year equals the total initial renovation costs paid by our Company in the given year divided by the total number of apartments launched in the year. In 2021, we launched an apartment community for which we were entrusted by the lessor to conduct renovation and decoration. While the renovation cost was ultimately borne by the lessor, we counted such apartment community in when we calculated our average renovation cost per apartment in 2021 because we believe such renovation project, like other renovation projects, also reflects our general ability in benefiting from economies of scale and achieving cost efficiency.

(4) Average operating cost per apartment in a given year equals the total operating costs in the given year divided by the total number of apartments available for rent during the year.

For more information and analysis about the key operating metrics of our apartment operation business under the leased-and-operated model, please refer to "Business – Our Business Models – Leased-and-Operated Model".

For the leased-and-operated model, our revenue comprised (i) rents paid by residents and (ii) apartment management service fees for ancillary services that we provided to residents during their stay. During the Track Record Period, we generated revenue of RMB912.7 million, RMB1,389.5 million and RMB1,626.0 million from the leased-and-operated model for the years ended December 31, 2020, 2021 and 2022, respectively, which accounted for 96.2%, 94.5% and 94.9% of our total revenue over the same period and represented a CAGR of 33.5%.

Manachised and Third-party Managed Model

Under the manachised and third-party managed model, we enter into manachise agreements with franchisees and management agreements with entrusting parties. The operating models under the manachise agreements and the management agreements are generally identical except that the manachise agreements authorize franchisees to use our brand and logo. Pursuant to our standard manachise agreements or management agreements, the franchisees or the entrusting parties own or lease relevant apartment communities and typically bear the costs of developing and operating the apartments, including expenses related to construction and renovation, and regular maintenance and repair costs. We typically provide operation and management services without bearing any loss incurred or sharing any profit realized by our franchisees or entrusting parties.

For the manachised and third-party managed model, our revenue was generated primarily from (i) the initial one-off fees that we collected from franchisees and entrusting parties and (ii) ongoing royalties based on a percentage of gross revenues of manachised and third-party managed apartments. During the Track Record Period, we generated revenue of RMB18.7 million, RMB37.8 million and RMB41.6 million from the manachised and third-party managed model for the years ended December 31, 2020, 2021 and 2022, respectively, which accounted for 2.0%, 2.6% and 2.4% of our total revenue generated over the same period and represented a CAGR of 49.3%.

The following table sets forth a breakdown of our revenue by business model, both in absolute amounts and as percentages of our total revenue for the years indicated:

	For the Year Ended December 31,					
	2020		2021		2022	
	(RMB'000, except percentages)					
Leased-and-operated model	912,655	96.2%	1,389,455	94.5%	1,625,997	94.9%
Manachised and third-party managed model	18,681	2.0%	37,849	2.6%	41,630	2.4%
Others	17,652	1.8%	43,786	2.9%	46,512	2.7%
Total	**948,988**	**100.0%**	**1,471,090**	**100.0%**	**1,714,139**	**100.0%**

OUR APARTMENTS

We provide both white-collar apartments and blue-collar dormitories, which are meant to satisfy the diverse rental demands of different urban residents.

Our white-collar apartments are primarily operated and managed under our flagship brand, *Mofang Apartment*. Our Mofang Apartment provides one-bedroom apartments and two-bedroom apartments, which are generally offered at a price range of RMB3,000 to RMB6,000 per month in Beijing and Shanghai, or RMB2,000 to RMB4,000 per month in other cities. Mofang Apartment has been our flagship brand since the inception of our business, which provides fully furnished apartments that we believe strike an ideal balance among cost, comfort and convenience.

Each Mofang Apartment generally ranges from 25 to 45 square meters in terms of size, with en-suite kitchen and bathroom. We also operate white-collar apartments under other brands that complement Mofang Apartment, primarily including:

- MORE Apartment (魔爾公寓): upscale one-bedroom apartments that target white-collar customers who have more disposable income.

- WE Apartment (V客青年公寓): budget one-bedroom apartments that cater to fresh graduates who are often budget-sensitive.

Our blue-collar dormitories are dormitory-type apartments targeting blue-collar workers and are operated mainly under the *Unit 9 Apartment* brand. We opened the first Unit 9 Apartment in 2016. Unit 9 Apartment provides well-renovated and fully-furnished dormitory-style apartments with multiple beds per room. Each Unit 9 apartment typically has two to eight beds per room, and is generally offered at a price of between RMB500 to RMB1,000 per bed per month. In addition, we operate other blue-collar dormitory brands to complement our brand portfolio, primarily including:

- Chummy Space (築夢居): dormitory-type apartments situated in smaller buildings, targeting primarily small and medium-sized enterprises that demand accommodation solutions for their employees.

- Hui House (輝展閣): dormitory-type apartments that are strategically located in close proximity to the established industrial parks in Beijing and Suzhou.

OUR STRENGTHS

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

- Largest and fast-growing independent centralized rental apartment services platform in China
- Leading consolidator with proven post-acquisition integration capabilities
- Brand of choice for residents, corporate customers and industry participants
- Superior living experiences driven by standardized and innovative product and service offerings
- Market leading operational efficiency powered by advanced technology capability
- Experienced management team supported by a well-trained workforce

OUR STRATEGIES

We endeavor to achieve sustainable growth in our business and create long-term value for our shareholders by implementing the following strategies:

- Expand geographical coverage and deepen penetration in core cities
- Develop the manachised and third-party managed model
- Increase brand awareness and strengthen brand portfolio
- Continue product innovation and enrich value-added service offerings
- Improve technology infrastructure and enhance digitalization level

COMPETITIVE LANDSCAPE

China's rental apartment market consists of (i) non-institutionalized rental apartments that are mostly provided by individual landlords, and (ii) institutionalized rental apartments that are typically provided by specialized rental apartment operating companies. The institutionalized rental apartment market comprises dispersed rental apartments and centralized rental apartments, which primarily differ in the operating model and the sources of properties. We operate in the centralized rental apartment market.

According to Frost & Sullivan, in terms of the number of apartments in operation, we ranked as the third largest centralized rental apartment operator in China with 76,245 apartments in operation as of December 31, 2022. Moreover, according to Frost & Sullivan, we were the largest independent operator of centralized rental apartments in China in 2022 in terms of the number of apartments in operation and we were the fastest-growing platform among the top five centralized rental apartment services platforms in China from 2020 to 2022.

China's centralized rental apartment market is highly fragmented and competitive with the top five players in aggregate accounting for 15.0% of the total market in terms of the number of apartments in operation, according to Frost & Sullivan. We face competition from different sources for each of our three primary activities, including sourcing apartment properties, securing manachise agreements and management agreements, and leasing apartments to residents.

Please refer to "Industry Overview – Competitive Landscape of China's Centralized Rental Apartment Market" and "Business – Competition" in this document for more details.

CUSTOMERS AND SUPPLIERS

Our customers are primarily comprised of (i) individual residents who rent our apartments, (ii) corporate customers who rent our apartments for their employees, (iii) franchisees and entrusting parties who authorize us to operate and manage their apartment communities, and (iv) commercial tenants who lease spaces located in our apartment communities to conduct their own commercial activities. Our suppliers primarily include (i) landlords, (ii) service providers of apartment renovation, maintenance, repair, cleaning and Internet services, and (iii) suppliers of furniture, electronic appliances, construction materials and other items that are used or installed in our apartments.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to [**REDACTED**] in our [**REDACTED**]. Some of the major risks we face include the following:

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

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

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

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

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

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from the Accountants' Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes, as well as the information set forth in the section headed "Financial Information." Our consolidated financial information was prepared in accordance with IFRS.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the years indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,					
	2020		2021		2022	
		%		%		%
	(RMB'000, except percentages)					
Revenue	**948,988**	**100.0**	**1,471,090**	**100.0**	**1,714,139**	**100.0**
Cost of services provided and products sold	**(162,593)**	**(17.1)**	**(203,760)**	**(13.9)**	**(243,818)**	**(14.2)**
Other income and gains[(1)]	48,013	5.1	92,518	6.3	73,231	4.3
Changes in fair value of investment properties, net[(2)]	(496,734)	(52.3)	(241,420)	(16.4)	(776,647)	(45.3)
Changes in fair value of financial assets and liabilities at fair value through profit or loss ("FVTPL")[(3)]	38,070	4.0	29,544	2.0	19,859	1.2
Administrative expenses	(175,195)	(18.5)	(211,718)	(14.4)	(271,105)	(15.8)
Finance costs[(4)]	(423,103)	(44.6)	(501,296)	(34.1)	(635,835)	(37.1)

	For the Year Ended December 31,					
	2020		2021		2022	
		%		%		%
	(RMB'000, except percentages)					
(Loss)/Profit before tax	**(262,553)**	**(27.7)**	**396,517**	**27.0**	**(253,610)**	**(14.8)**
Income tax credit/(expense)	32,276	3.4	(94,580)	(6.4)	7,003	0.4
(Loss)/Profit for the year	**(230,277)**	**(24.3)**	**301,937**	**20.5**	**(246,607)**	**(14.4)**
Attributable to:						
Owners of the Company	(228,686)	(24.1)	289,396	19.7	(203,974)	(11.9)
Non-controlling interests	(1,591)	(0.2)	12,541	0.8	(42,633)	(2.5)
	(230,277)	**(24.3)**	**301,937**	**20.5**	**(246,607)**	**(14.4)**

Notes:

(1) Other income and gains primarily consist of (i) other interest income, representing the interest earned on the loans that we made, (ii) compensation income, representing the amount that we received from commercial disputes, (iii) finance lease interest income, representing interest earned on finance lease receivables, (iv) government grants, primarily representing subsidies received from local government authorities, (v) bank interest income, (vi) gains on bargain purchase, representing the gains related to our acquisition of Shanghai Jinghong, (vii) gain on disposal of right-of-use assets, which was related to the office of Vlinker Project Companies that we leased out, and (viii) miscellaneous.

(2) Investment properties represent the apartment communities that we leased and held as the right-of-use assets, and managed under the leased-and-operated model to earn rental income. The fair value model is applied to all investment properties. We recognize changes in fair value of investment properties in profit or loss.

(3) Financial assets and liabilities at FVTPL mainly comprise (i) unlisted equity investments, (ii) debt instruments and (iii) wealth management products. We recognize changes in fair value of financial assets and liabilities at FVTPL in profit or loss.

(4) Our finance costs consist of (i) interest on borrowings, other payables and long-term payables, and (ii) interest on lease liabilities. Our interest on borrowings, other payables and long-term payables was RMB120.1 million, RMB124.9 million and RMB195.4 million in 2020, 2021 and 2022, respectively. Under IFRS16, we are required to recognize interest on lease liabilities and record it in the statement of profit or loss as a finance cost.

Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use EBITDA (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that the presentation of such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating the potential impact of certain items. We believe that such measure provides useful information to [**REDACTED**] and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of such non-IFRS measure may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS. We define EBITDA (non-IFRS measure) as profit/(loss) before tax adjusted for depreciation and amortization expenses, finance costs and interest income. In 2020, 2021 and 2022, our EBITDA (non-IFRS measure) was RMB148.3 million, RMB884.5 million and RMB375.0 million, respectively. For the reconciliation of the most directly comparable financial measure calculated and presented under IFRS, which is profit/(loss) before tax, to our EBITDA (non-IFRS measure), please refer to "Financial Information – Non-IFRS Measure" in this document.

In addition to EBITDA as a non-IFRS measure, we believe that changes in fair value of investment properties, foreign exchange differences and rental costs based on lease agreements have a significant impact on our financial performance. Therefore, we take into account these items when we assess our overall financial performance. In 2020, 2021 and 2022, we recorded changes in fair value of investment properties of RMB496.7 million, RMB241.4 million, and RMB776.6 million as losses, respectively. In 2020, 2021 and 2022, we recorded foreign exchange losses of RMB3.2 million, RMB0.4 million and RMB49.2 million, respectively. In the same periods, our rental costs based on lease agreements amounted to RMB622.8 million, RMB841.1 million and RMB1,017.9 million, respectively. In addition, our equity-settled share option expenses amounted to RMB14.9 million, RMB16.3 million and RMB66.3 million in 2020, 2021 and 2022, respectively. In 2021 and 2022, our [**REDACTED**] were [**REDACTED**] and [**REDACTED**], respectively.

Our revenue increased by 55.0% from RMB949.0 million for the year ended December 31, 2020 to RMB1,471.1 million for the year ended December 31, 2021. The growth of our revenue in 2021 was mainly from acquisitions, and to a lesser extent, from organic growth. This growth in revenue was also facilitated by our fast recovery from the COVID-19 pandemic's negative impact on our operations. Our revenue increased by 16.5% from RMB1,471.1 million for the year ended December 31, 2021 to RMB1,714.1 million for the year ended December 31, 2022, which was primarily contributed by newly launched apartment communities integrated through strategic acquisitions in the fourth quarter of 2021.

In 2020, the COVID-19 pandemic broke out in China, which caused disruptions to our business operations. Therefore, while our apartment network expanded in 2020, our revenue growth did not meet our anticipated level and we recorded a revenue of RMB949.0 million in such year. Meanwhile, we recorded a net fair value loss of investment properties of RMB496.7 million in 2020, primarily because the increase of prevailing market rental rate, a key input to value our investment properties, was dampened by the COVID-19 outbreak. As a result, we recorded a net loss of RMB230.3 million in 2020. In 2021, as the COVID-19 pandemic was largely under control in China, we recorded a net profit of RMB301.9 million. That was mainly because our revenue in 2021 reached RMB1,471.1 million, which was in turn mainly from acquisitions, and to a lesser extent, from organic growth. Moreover, we recorded a net loss of RMB246.6 million in 2022, primarily due to the negative impact of the recurring outbreaks of COVID-19 in major Chinese cities, particularly Shanghai, where we had 30,053 apartments in operation as of December 31, 2022.

Summary of Consolidated Statements of Financial Position

The following table sets forth certain selected line items from our consolidated statement of financial position as of the dates indicated:

	As of December 31,		
	2020	2021	2022
		(RMB'000)	
Total non-current assets	8,189,726	12,865,916	13,387,642
Total current assets	830,857	1,180,061	631,320
Total current liabilities	2,205,276	2,717,929	3,054,937
Net current liabilities	(1,374,419)	(1,537,868)	(2,423,617)
Total non-current liabilities	4,954,556	8,736,760	8,896,740
Net assets	1,860,751	2,591,288	2,067,285
Non-controlling interests	34,789	147,055	105,500

Please refer to "Financial Information – Summary of Consolidated Statements of Financial Position" in this document for more details.

Our investment properties increased by 71.1% from RMB6,800.8 million as of December 31, 2020 to RMB11,636.6 million as of December 31, 2021, which was primarily due to the increase in the number of apartment communities under the leased-and-operated model through both strategic acquisitions and organic growth. Our investment properties increased by 3.7% from RMB11,636.6 million as of December 31, 2021 to RMB12,071.3 million as of December 31, 2022, primarily driven by the increased number of apartments in operation under the leased-and-operated model.

Our net assets increased from RMB1,860.8 million as of December 31, 2020 to RMB2,591.3 million as of December 31, 2021, reflecting an increase in equity in 2021, which in turn was primarily attributable to our profit for the year ended December 31, 2021 of RMB301.9 million and our issuance of preferred shares for a total consideration of RMB258.4 million. Our net assets decreased to RMB2,067.3 million as of December 31, 2022, reflecting a decrease in equity in 2022, which in turn was primarily attributable to our loss for the year ended December 31, 2022 of RMB246.6 million and repurchase of preferred shares at a cost of RMB200.2 million.

In connection with the adoption of IFRS 16, we recognized lease liabilities for future fixed lease payments in current liabilities and non-current liabilities. Meanwhile, we recognized investment properties representing leasehold interests to earn rental income (within one year and beyond) entirely in non-current assets. As such, IFRS 16 resulted in us having less current assets and more current liabilities, which represents a de facto mismatch between current liabilities and current assets throughout the Track Record Period. In addition, we incurred a significant amount of interest-bearing bank borrowings and other borrowings during the Track Record Period primarily for apartment network expansion, including strategic acquisitions and apartment renovation, and for daily operating activities. Such a mismatch caused by the adoption of IFRS 16, together with our borrowings, payables and accruals, led to our net current liabilities position. We believe that we are able to improve our net current liabilities position and that our working capital sufficiency is assured. For details, please refer to "Financial Information – Working Capital Sufficiency Statement – Working Capital Sufficiency" in this document.

Our net current liabilities increased over the Track Record Period, the details of which are set forth below:

- Our net current liabilities increased by 11.9% from RMB1,374.4 million as of December 31, 2020 to RMB1,537.9 million as of December 31, 2021, mainly due to (i) the increase in other payables and accruals along with the expansion of our apartment operation business in China, and (ii) the growth in the current portion of lease liabilities as we further scaled up our apartment operation business under the leased-and-operated model.

- Our net current liabilities increased by 57.6% from RMB1,537.9 million as of December 31, 2021 to RMB2,423.6 million as of December 31, 2022, which was caused by a combination of the decrease in our total current assets and the increase in our total current liabilities, among which:

  (i) Our total current assets decreased by 46.5% from RMB1,180.1 million as of December 31, 2021 to RMB631.3 million as of December 31, 2022, primarily because (a) our loan receivables from shareholders decreased from RMB206.4 million as of December 31, 2021 to nil as of December 31, 2022 as the FortuNews Loans and the KWJ Loan had been settled by virtue of the FortuNews Holdings Share Surrender and the KWJ Investment Unwinding, respectively, the impact of which was one-off and non-recurring for our Group; and (b) our cash and bank balances decreased by 39.3% from RMB682.5 million as of December 31, 2021 to RMB414.0 million as of December 31, 2022, primarily due to our payment of considerations in 2022 for our strategic acquisitions conducted in 2021 and additions to investment properties.

  (ii) Our total current liabilities increased by 12.4% from RMB2,717.9 million as of December 31, 2021 to RMB3,054.9 million as of December 31, 2022, primarily because (a) our current portion of interest-bearing bank and other borrowings increased by 21.9% from RMB1,091.1 million as of December 31, 2021 to RMB1,330.2 million as of December 31, 2022 as a larger amount of bank and other borrowings fell due within one year from the relevant date; and (b) our current portion of lease liabilities increased by 21.8% from RMB717.8 million as of December 31, 2021 to RMB874.6 million as of December 31, 2022 since we leased more apartment properties to expand our business operations in China, including apartment properties that we already leased as of December 31, 2022 but were not launched as of the same date.

Summary of Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the years indicated.

	For the Year Ended December 31,		
	2020	2021	2022
		(RMB'000)	
Net cash generated from operating activities	658,543	1,047,513	1,187,309
Net cash used in investing activities	(275,043)	(776,934)	(214,409)
Net cash (used in)/generated from financing activities	(269,899)	69,953	(1,276,665)
Net (decrease)/increase in cash and cash equivalents	113,601	340,531	(303,765)
Cash and cash equivalents at beginning of year	214,870	317,914	656,296
Cash and cash equivalents at end of the year	**317,914**	**656,296**	**345,575**

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the [**REDACTED**] received from the [**REDACTED**]. We currently do not have any other plans for material additional external financing.

The following table sets forth the major financial statement line items in relation to our leases for the years or as of the dates indicated:

	As of/For the Year Ended December 31,		
	2020	2021	2022
		(RMB'000)	
Items of consolidated statements of profit or loss:			
Finance costs(1)	(423,103)	(501,296)	(635,835)
Changes in fair value of investment properties, net(2)	(496,734)	(241,420)	(776,647)
Items of consolidated statements of financial position:			
Investment properties(3)	6,800,843	11,636,599	12,071,287
Right-of-use assets(4)	26,812	34,958	15,825
Finance lease receivables(5)	153,368	245,221	266,574
Lease liabilities(6)	4,923,097	7,603,204	8,010,866

Notes:

(1) Our finance costs consist of (i) interest on borrowings, other payables, and long-term payables, and (ii) interest on lease liabilities. Lease liabilities generally represent the present value of our payment obligations under the relevant lease to be made over the lease term. Under IFRS 16, we are required to recognize interest on lease liabilities and record it as a finance cost in the statement of profit or loss.

(2) The composition of changes in fair value of investment properties mainly includes fair value gain from newly opened apartment communities during the year, fair value loss from existing leased apartment communities, and COVID-19 related rent concessions from lessors.

(3) Our investment properties are held as right-of-use assets. They represent the market value of the leases for the apartment communities that we leased and managed under the leased-and-operated model to earn rental income.

(4) Our right-of-use assets represent the buildings rented by us for office purposes.

(5) Finance lease receivables represent lease receivables from commercial tenants for part of leased properties where we transfer substantially all the risks and rewards incidental to ownership of the leased properties. Finance lease receivables are not related to the value of investment properties since the latter is associated with our operating leases.

(6) Our lease liabilities represent the present value of the lease payments that we are contractually obligated to make over the remaining lease term.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates indicated:

	As of/For the Year Ended December 31,		
	2020	**2021**	**2022**
Gross profit margin[1]	82.9%	86.1%	85.8%
Net gearing ratio[2]	11.7%	11.2%	14.3%

Notes:

(1) Gross profit margin equals gross profit divided by the revenue during the year.

(2) Net gearing ratio equals net debt divided by total assets. Net debt represents interest-bearing bank and other borrowings less cash and cash equivalents and restricted cash.

ACQUISITION OF THE VLINKER PROJECTS

We owned 31.126% of Vlinker Creator Space Operations Management Co., Ltd. ("**Vlinker Creator Space Operations**") as of December 31, 2020. In January 2021, we disposed of our entire shareholding in Vlinker Creator Space Operations. Simultaneously, we acquired 100% of the equity interests in 21 project companies (each, a "**Vlinker Project Company**", collectively, "**Vlinker Project Companies**") that were wholly-owned by Vlinker Creator Space Operations through business combinations (the "**Vlinker Equity Acquisitions**") and one project in the prime location of Lujiazui, Shanghai through an asset acquisition. For more information, see "History and Corporate Structure – Acquisitions, Disposals and Mergers – Acquisition of the Vlinker Projects."

RELATIONSHIP WITH WARBURG PINCUS

Immediately upon completion of the [**REDACTED**] (assuming (i) the [**REDACTED**] is not exercised; (ii) 38,786,487 Shares will be issued pursuant to the Exercised Pre-[**REDACTED**] Options; and (iii) each Preferred Share will be converted into an Ordinary Share on a one-to-one basis upon the [**REDACTED**]), Warburg Pincus will directly or indirectly be interested in approximately [**REDACTED**] of the total number of issued Shares through Peridot Gem Investment, Mordenite Gem and Peridot Gem Group. Each of Peridot Gem Investment, Mordenite Gem and Peridot Gem Group will be interested in [**REDACTED**], [**REDACTED**] and [**REDACTED**] of the total number of issued Shares, respectively.

Founded in 1966, Warburg Pincus is a leading global growth investor with more than US$85 billion in assets under management as of December 31, 2022. Warburg Pincus is also one of the largest private equity firms in China and Southeast Asia with developed domain expertise in the consumer, financial services, healthcare, industrial technology, real estate and technology sectors. For more information on Warburg Pincus and its shareholding in our Company, please see the sections headed "History and Corporate Structure" and "Substantial Shareholders".

OUR ESTABLISHMENT AND PRE-[REDACTED] INVESTMENTS

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 15, 2012. Following our Company's incorporation, we received multiple rounds of Pre-[**REDACTED**] Investments. Our principal Pre-[**REDACTED**] Investors include Warburg Pincus (investing through Peridot Gem Investment, Mordenite Gem and Peridot Gem Group), CDPQ (Asia), HangFang Investment, DT MF Investment, Ocean Link (through FortuNews Holdings) and Ms. LIU Jia (through KWJ Investment). For more information, see "History and Corporate Structure – Pre-[**REDACTED**] Investments".

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the [**REDACTED**] of, and permission to [**REDACTED**], the Shares in issue and to be issued pursuant to the [**REDACTED**] (including any additional Shares which may be issued pursuant to the exercise of the [**REDACTED**] and Shares to be issued pursuant to the 2017 Pre-[**REDACTED**] Share Option Plan and 2020 Pre-[**REDACTED**] Share Option Plan) pursuant to the [**REDACTED**]/revenue/cashflow test under Rule 8.05(2) of the Listing Rules. [**REDACTED**] in the Shares [**REDACTED**] are expected to commence on [**REDACTED**].

No part of the Company's share or loan capital is [**REDACTED**] on or [**REDACTED**] in on any other stock exchange and no such [**REDACTED**] or permission to [**REDACTED**] is being or proposed to be sought in the near future.

WAIVERS IN RESPECT OF THE PROPERTY VALUATION REQUIREMENTS

We operate a rental apartment business under the leased-and-operated model and manachised and third-party managed model, and do not have any self-owned properties. Under the accounting standard IFRS 16 (Leases), the operating leases with respect to the leased properties of the Company are recognized as right-of-use assets on its balance sheet.

Pursuant to Rules 5.01(2) and 5.01A of the Listing Rules, section 342(1)(b) of and paragraph 34 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**CWUMPO**") and section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32 sub. Leg. L) (collectively, the "**Property Valuation Requirements**"), we would be required to include a property valuation report covering 148 leased properties in this document. We have applied for, and the Stock Exchange and the SFC [have granted], (a) a waiver from strict compliance with Rule 5.01A of the Listing Rules; and (b) an exemption from strict compliance with section 342(1)(b) of and paragraph 34 of the Third Schedule to the CWUMPO, on the basis that (1) no commercial value is attributed to the relevant leased properties and such information is not meaningful to potential [**REDACTED**] for them to make informed [**REDACTED**] decisions; and (2) alternative meaningful information will be included in the document.

As a condition precedent to this waiver and exemption, we have included a property valuation report on the top 30 leased properties of the Group in terms of carrying amount as of December 31, 2022, together with information on the other ROU Assets of the Company, in this document. For more information, see "Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Property Valuation", "Business – Properties" and "Appendix IV – Property Valuation Report".

WORKING CAPITAL MANAGEMENT

With a view of establishing a systematic regime for the management of our working capital, we have introduced a broad scope of policies and procedures, covering almost all the major aspects of our commercial activities. These policies and procedures include, among others, the Guidance and Fundamental Principles for Capital Management (魔方生活服務集團資金管理指導及基本原則), the Development Process and Investment Criteria for New Strategic Acquisitions (收併購新項目開發流程及投資標準), and the Development Process and Investment Criteria for New Leased-and-Operated Projects (直營新項目開發流程及投資標準). By strictly implementing these established policies and controls throughout the decision-making process and daily operations of our Group, we believe we are able to manage our working capital in a manner that effectively supports our overall business plan.

We attach great importance to the management of our liquidity and the preparation of capital plans. To this end, we prepare capital plans to provide guidance for the distribution and utilization of working capital within our Group in a given period. Our capital plans are amenable to changing circumstances and our evolving business needs, but any amendment thereof can only be made in accordance with a set of pre-established procedures. In addition, the staff at our capital center are required to prepare capital reports on a monthly basis, covering metrics such as the income and expenses at our apartment communities, bank loans and renovation costs. By reviewing and analyzing the capital reports regularly, our senior management maintains a good understanding of the status of our liquidity and working capital. With such timely knowledge at hand, our management can better make advance planning for potential capital expenditures, take pre-emptive actions to address latent liquidity risks and arrange for the expansion of our business in an orderly and practical fashion. The major aspects of our Group's working capital management policies and strategies are set forth below:

- *Rental cost management*. Given that rental costs constitute a significant part of our costs under the leased-and-operated model, we closely monitor the management and control of our rental costs. We distance ourselves from disorderly competition for property sources and reject rental costs that unreasonably exceed prevailing market levels. In addition, we pay a deposit to our landlords in an amount that equals the rent of one month to three months instead of an excessively high amount.

- *Renovation cost management*. Since renovation costs also feature as a prominent part of the upfront costs related to our leased-and-operated apartment communities, we have introduced policies and procedures to achieve cost efficiency in the renovation process. We maintain a pre-approved list of contractors and suppliers, which are subject to our annual review based on their performance during the year.

- *Cost management for strategic acquisitions*. Acknowledging that strategic acquisitions usually require substantial capital investment, we have established policies and procedures to conduct such acquisitions in a cost-efficient manner. Before entering into any acquisition agreements, we typically conduct comprehensive due diligence on target companies or projects and undergo rigorous internal procedures to help ensure a justified risk return profile. In addition, we typically pay the consideration by installments rather than on a lump-sum basis.

- *Rental income management*. To continually improve our rental income as we expand our business operations in China, we have established policies and controls to guide our daily operations. We have been adhering to a market-driven strategy for pricing our apartment offerings. The Geographic Information System (GIS) allows us to efficiently set the price for our apartments, which helps ensure that we can continuously generate sustainable rental income and ultimately profit from our apartment operation business.

- *Management of financing activities*. As we need external funding from banks and other sources to support our orderly expansion nationwide, we have established stringent policies and procedures to guide our financing activities. Such policies and procedures aim to ensure that our financing activities can serve the best interest of our business expansion.

- *Prudent expansion*. Over the years, we have developed a data-driven investment projection model, which provides guidance for our expansion under the leased-and-operated model and helps us avoid over-expansion in a city or across the country. Before being submitted to our investment committee for approval, a proposed leased-and-operated project would be appraised with the help of our investment projection model. Meanwhile, based on the experience from previous investments and the observation of the changing macro-environment, we will also (i) regularly review the projection model and refine the relevant standards and (ii) elevate investment requirements during special periods to strengthen risk control. We also regularly review our liquidity position and adjust our expansion strategy according to our cash flow forecasts.

For more details about our policies, procedures and strategies over working capital management, see "Business – Working Capital Management" in this document.

DIVIDEND POLICY

No dividends had been paid or declared by our Company during the Track Record Period. The determination of whether to pay a dividend and in which amount is based on factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder's meeting. Under the Companies Act, the distribution of shareholder dividends takes the form of distribution of surplus. A distribution of surplus may be made up to the amount calculated in accordance with the formula set forth in the Companies Act. Under the Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict the Company from declaring and paying dividends to the Shareholders out of either our profits or our share premium account, provided this would not result in the Company being unable to pay its debts as they fall due in the ordinary course of business. However, no dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium. Under the PRC law and the Articles of Association, the general reserve requires annual appropriations of 10% of after-tax profits at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. In view of our accumulated losses, as advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations and the Articles of Association, our PRC entities shall not declare or pay dividend until their accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws and regulations. Our accumulated losses position as of January 1, 2020 was mainly due to the fact that economies of scale were not effectively achieved as our business scale was rather limited.

[**REDACTED**]

This document is published in connection with the [**REDACTED**] as part of the [**REDACTED**]. The [**REDACTED**] comprises of:

(a) the [**REDACTED**] of initially [**REDACTED**] (subject to [**REDACTED**] and adjustment) in Hong Kong as described below in "– The [**REDACTED**]"; and

(b) the [**REDACTED**] of initially [**REDACTED**] (comprising [**REDACTED**] and [**REDACTED**], subject to [**REDACTED**], adjustment and the [**REDACTED**]) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

[**REDACTED**] may [**REDACTED**] under the [**REDACTED**] or [**REDACTED**] or indicate an interest in [**REDACTED**] under the [**REDACTED**], but may not do both.

The [**REDACTED**] will represent approximately [**REDACTED**] of the total Shares in issue immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised. If the [**REDACTED**] is exercised in full, the [**REDACTED**] will represent approximately [**REDACTED**] of the total Shares in issue on an enlarged basis.

[**REDACTED**]

Our [**REDACTED**] in connection with the [**REDACTED**] are estimated to be approximately [**REDACTED**] or [**REDACTED**] (assuming that the [**REDACTED**] is conducted at the mid-point of the indicative [**REDACTED**] range and that the [**REDACTED**] is not exercised). The percentage of [**REDACTED**] out of [**REDACTED**] (assuming that the [**REDACTED**] is conducted at the mid-point of the indicative [**REDACTED**] range and that the [**REDACTED**] is not exercised) is expected to be approximately [**REDACTED**]. Our [**REDACTED**] consist of (i) [**REDACTED**], (ii) fees and expenses of legal advisors and accountants of [**REDACTED**], and (iii) other fees and expenses of [**REDACTED**]. All the [**REDACTED**] were or will be borne by our Company and no amount of [**REDACTED**] was or will be borne by the [**REDACTED**].

During the Track Record Period, we incurred [**REDACTED**] of [**REDACTED**], of which [**REDACTED**] was charged to our consolidated statements of profit or loss, while the remaining amount of [**REDACTED**] was included in prepayments and will be subsequently charged to equity upon completion of the [**REDACTED**]. We expect to incur additional [**REDACTED**] of approximately [**REDACTED**] after the Track Record Period, of which approximately [**REDACTED**] will be charged to the consolidated statements of profit or loss and approximately [**REDACTED**] is expected to be recognized as a deduction in equity directly upon the completion of the [**REDACTED**].

[**REDACTED**]

All statistics in the following table are based on the assumption that the [**REDACTED**] has been completed and [**REDACTED**] are issued pursuant to the [**REDACTED**].

	Based on an [REDACTED] of [REDACTED] per [REDACTED]	Based on an [REDACTED] of [REDACTED] per [REDACTED]
[**REDACTED**] of our Shares(1)	[**REDACTED**]	[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible asset per Share(2)	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation of [**REDACTED**] is based on [**REDACTED**] expected to be in issue, based on the high-end and the low-end of the [**REDACTED**] range, immediately upon completion of the [**REDACTED**], further information of which is set out in the section headed "History and Corporate Structure – Capitalization" in this document. For these purposes it is assumed that the [**REDACTED**] is [**REDACTED**].

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible asset per Share upon the completion of the [**REDACTED**] is calculated after making the adjustments referred to in "Appendix II – Unaudited [**REDACTED**] Financial Information" in this Document.

[**REDACTED**]

We estimate that the [**REDACTED**] to the [**REDACTED**] from the sale of the [**REDACTED**] pursuant to the [**REDACTED**], assuming that the [**REDACTED**] is not exercised, will be approximately [**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**] range). We will not receive [**REDACTED**] from the sale of [**REDACTED**] pursuant to the [**REDACTED**], whether or not the [**REDACTED**] is exercised.

USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses paid and payable by us in relation to the [**REDACTED**], assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range of [**REDACTED**] to [**REDACTED**] per [**REDACTED**], and that the [**REDACTED**] is not exercised.

We intend to use the [**REDACTED**] we will receive from the [**REDACTED**] for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**], will be used for business expansion and strategic acquisitions, with a view to increasing our market share and solidifying our leading position in China's centralized rental apartment industry.

- Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**], will be used for our technology infrastructure upgrade and our apartment product innovation.

- Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**], will be used for our continual selling and marketing efforts to further promote our brand awareness and deepen our penetration rate in core cities in which we operate.

- Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**], will be used for working capital and general corporate purpose.

Please refer to "Future Plans and [**REDACTED**]" in this document for more details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Update of Certain Operating Metrics

As of December 31, 2022, there were certain apartment properties for which we had entered into leases but the corresponding apartment communities had not been launched as of the same date. Therefore, the number of apartments to be offered in these apartment properties was not included in the number of our apartments in operation as of December 31, 2022. Such apartment communities primarily include MORE Apartment (Beijing World Trade Branch) (魔爾公寓北京國貿店), Mofang Apartment (Wenzhou Binhai Branch) (魔方公寓溫州濱海店) Mofang Apartment (Shanghai Shiquan Road Branch) (魔方公寓上海石泉路店), Mofang Apartment (Beijing Changping Shahe Subway Station Branch) (魔方公寓北京昌平沙河地鐵站店) and Mofang Apartment (Shanghai Wusong Road Branch) (魔方公寓上海吳淞路店), corresponding to a total number of 3,075 rental apartments. While MORE Apartment (Beijing World Trade Branch) (魔爾公寓北京國貿店) and Mofang Apartment (Wenzhou Binhai Branch) (魔方公寓溫州濱海店) had already been launched as of the Latest Practicable Date, the other three apartment communities are expected to be launched later this year according to our business plan. Meanwhile, as of the Latest Practicable Date, the number of residents living in our apartment communities under the leased-and-operated model increased to 62,481 as of the Latest Practicable Date from 60,073 as of December 31, 2022, largely because of our recovery from the negative impact of COVID-19 and the end of the Chinese New Year holiday.

Impact of COVID-19 on Our Operations

In 2020, the countrywide fight against the spread of the coronavirus caused disruptions to our business operations. The overall occupancy rate of our mature apartment communities under the leased-and-operated model slightly decreased from 89.1% in 2019 to 84.6% in 2020. Our newly-opened apartment communities were hit harder by the outbreak of COVID-19, as the ramp-up period for these communities to reach our target level of occupancy rate was prolonged to an average of 8.9 months.

In 2021, we recovered rapidly from the sluggishness caused by the pandemic. The average monthly rental rate of our mature apartments under the leased-and-operated model increased by 4.7% from RMB3,127 in 2020 to RMB3,274 in 2021 and the average occupancy rate of these apartments increased from 84.6% in 2020 to 88.5% in 2021. During the year, the number of our apartments in operation increased from 39,030 as of December 31, 2020 to 75,887 as of December 31, 2021. Our financial performance also achieved a vigorous rebound with our revenue increasing by 55.0% from RMB949.0 million in 2020 to RMB1,471.1 million in 2021. Compared with the net loss of RMB230.3 million in 2020, we achieved a net profit of RMB301.9 million in 2021.

During the spring of 2022, Shanghai was hit by a new wave of COVID-19 infections, which resulted in citywide lockdown measures. The neighboring provinces and some other cities, such as Beijing, were almost simultaneously faced with renewed pressure from COVID-19. As of December 31, 2022, we had 28 apartment communities in Beijing and 141 apartment communities in Shanghai, corresponding to 5,672 and 30,053 rental apartments, respectively. The occupancy rate of our apartment communities in Shanghai in the second quarter of 2022 was 2.2% lower than that in the first quarter of 2022. Our pre-determined plan to continue expanding our apartment network was also negatively affected by the pandemic, as openings of new apartment communities and strategic acquisitions were delayed. However, upon the gradual removal of the lockdown measures in Shanghai, those affected apartment communities recovered from the adverse impact rather soon with the occupancy rate of our mature apartments under the leased-and-operated model in Shanghai increasing rapidly from 80.1% as of May 31, 2022 to 91.6% as of June 30, 2022 as the lockdown measures had been largely removed since June 1, 2022. Subsequent to the lockdown measures being lifted and along with the gradual recovery of the city from the pandemic, we had picked up the pace of our expansion plan in Shanghai. In the second quarter of 2022, as for our expansion plan in Shanghai, the average monthly number of rental apartments submitted to our preliminary review meeting and ultimate review meeting for discussions over their launch was 392 and 218, respectively. With the local society gradually recovering from the COVID-19 pandemic, such numbers increased to 1,255 and 632, respectively, in the third quarter of 2022.

In December 2022 and January 2023, when a new wave of COVID-19 infections swept across many regions in China, our business operations around the country faced challenges. In light of the changed circumstances in pandemic control and the early arrival of the Chinese New Year in 2023, our certain operating metrics demonstrated a decline in this period of time. For example, the occupancy rate of our leased-and-operated apartments decreased by approximately 2.2% in December 2022 and approximately 6.6% in January 2023. The renewal rate of residents also decreased by approximately 5.0% in December 2022 and approximately 9.2% in January 2023. Nevertheless, with the negative impact of COVID-19 gradually fading away and the end of the Chinese New Year holiday, the occupancy rate of our leased-and-operated apartments increased by approximately 3.2% in February 2023 and approximately 3.0% in March 2023. Meanwhile, the renewal rate of residents also strongly increased by approximately 11.5% in February 2023. Overall, the recurring COVID-19 outbreaks in major Chinese cities in 2022 had caused significant disruptions to our apartment operation business in China, leading to a decline in our operating and financial performance. In 2022, driven by the concern for the safety and well-being of our residents and staff, our expenses related to pandemic prevention and control, primarily including necessary supplies, extra security and cleaning cost, and allowance to employees and volunteers, reached RMB11.3 million. For the year ended December 31, 2022, we recorded a net loss of RMB246.6 million.

No Material Adverse Change

Our Directors have confirmed, after performing all the due diligence work which our Directors consider appropriate, that, as of the date of this document, there had been no material adverse change in our financial, operational or trading position or prospects since December 31, 2022 and up to the Latest Practicable Date.