You should carefully consider all the information in this listing document and, in particular, the risks and uncertainties described below before making an investment in our Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the trading price of our Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorised as (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Spin-off and our Shares.

RISKS RELATING TO OUR BUSINESS

We are susceptible to adverse movements in the PRC real estate market, particularly in regions and cities where we have property development projects.

As at 30 September 2022, we had property development projects in Dongguan, Huizhou and Foshan. We intend to continue growing our market share, which may involve undertaking property development projects in the Greater Bay Area. For more information, please refer the section headed "Business — Our Business Strategies" in this listing document. Our profitability is correlated to the performance of the PRC real estate market, which is sensitive to economic fluctuations and closely monitored by the PRC government. Any adverse movements in the prices, supply of or demand for properties in the PRC may have a material adverse effect on our business, financial condition and results of operations.

The real estate market may be affected by local, regional, national and global factors beyond our control, such as speculative activities, financial conditions, government policies, protests or political unrest, natural disasters, epidemics and hostilities, among others. Although demand for residential properties in China generally grew, we cannot guarantee that the real estate market in regions and cities where we have undertaken, or will undertake, property development projects will continue to grow or that market downturns will not occur. In particular, the PRC real estate market is affected by a slowdown in China's economic growth in recent years. The rising demand for residential properties in China was also accompanied by fluctuations in property prices, raising concerns over the affordability of housing and the sustainability of the growth of the real estate market following the liquidity crisis at some of the largest PRC real estate developers in 2021.

Investors may be discouraged from acquiring new properties due to the lack of a liquid secondary market for residential properties. In addition, the limited amounts and types of mortgage financing available to individuals, together with the lack of long-term security of legal title and enforceability of property rights, may also inhibit demand for residential property. The risk of over-supply is also increasing in parts of the PRC where property investment, trading and speculation have become more active.

Due to an increase in demand for residential properties in the PRC in the last few years, the PRC government adopted measures to limit the price level of properties in order to prevent the market from becoming over-heated. Such austerity measures may affect property price level, market demand and supply and our business performance. If as a result of any one or more of these or similar factors, demand for residential property or market prices decline significantly, our business, results of operations, financial conditions and prospects could be materially and adversely affected.

We generated all of our revenue from our businesses in Dongguan and Huizhou during the Track Record Period, and any significant decline in the economic conditions of the property markets of this area could have a material adverse effect on our results of operations, financial condition and business prospects.

During the Track Record Period, all of our revenue were generated from sale of properties in Dongguan and Huizhou. We expect to continue to derive a major portion of our revenue from Dongguan, Huizhou and Foshan. As a result, we are exposed to a greater geographical concentration risk than some of our competitors in the PRC whose operations are more geographically diversified.

Demand for residential properties in the PRC has, to a certain extent, fluctuated in recent years. Such fluctuation is often due to changes in market conditions and government policies. For more information on the selected economic and market information of selected cities, please refer to the section headed "Industry Overview — Real Estate Market of Selected Districts and Cities in the PRC" in this listing document. In addition, demand for residential properties has been affected and will continue to be affected by the macro-economic control measures implemented by the PRC government from time to time. In recent years, the PRC government has announced a series of measures designed to stabilise the growth of the PRC economy and the growth of specific sectors, including the property market, to a more sustainable level.

For as long as the majority of our businesses remain concentrated in Dongguan, Huizhou and Foshan, if the region in general experience any significant economic downturn due to imbalances in the respective local economy, disturbances in local financial markets, protests or political unrest, natural disasters, epidemic, hostilities or any other reason, or if more restrictive government policies on the real estate industry are imposed, or if the property market conditions of these three regions otherwise decline, our business, results of operations and financial condition may be materially and adversely affected.

Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies relating to the PRC property sector and in local policies in the regions in which we operate.

The real estate market in the PRC is highly subject to government policies and regulations. According to the C&W Report, from 2014 to 2019, driven by accelerated urbanisation in China, the relaxation of one-child policy, development of megalopolis and shanty town redevelopment, the average selling prices of residential properties sold have increased significantly. In order to avoid overheating of the real estate market, the PRC central and local government has promulgated various tightening measures to stabilise housing prices in recent years and control speculative demand. In particular, the PRC government imposed a series of strict restrictions, including house purchase restrictions (限購), tighter down-payment requirements (限貸), and limit house sale price (限價). These policies may limit our access to capital, reduce market demand for our properties and increase our finance costs. Affected by the relevant regulations, the overall real estate market in the PRC gradually cooled down. In recent years, a series of regulations and policies have been issued by the PRC government to generally control the growth of the property market, including those relating to idle land, house loans to buyers, financing to property developers, etc.. For details, please refer to the section headed "Regulatory Overview" in this listing document. These policies may lead to a drop in the transaction volume of properties, which may affect our ability to obtain financing, acquire land for future developments, sell our properties at a profit or generate sufficient operating cash flow from sales.

We cannot assure you that the PRC government will not adopt additional, or more stringent, industry policies, regulations and measures in the future. It is also impossible to ascertain the extent of the impact of any such measures or to accurately estimate our sales volume and revenue had such measures not been introduced. If we fail to adapt our operations to new policies, regulations or measures that may come into effect from time to time with respect to the property industry, or if our marketing and pricing strategies are ineffective in promoting sales as a response, such policies and market condition changes may affect our sales, result in the delay of our pre-sale schedules, or cause us to lower our ASP and/or incur additional costs, in which case our operating cash flows, gross profit margins, business, results of operations, financial condition and prospects may be materially and adversely affected.

We may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices or at all in the future.

The growth and success of our business depend on our ability to continue acquiring land reserves located in desirable locations at commercially reasonable prices. Our ability to acquire land depends on a variety of factors that we cannot control such as general economic conditions, governmental land policies, our effectiveness in identifying and acquiring land suitable for development and the competition among real estate developers for such land. As at the Valuation Date, we had land bank of approximately 259,632 sq.m., including (i) total GFA saleable for completed properties of approximately 128,160 sq.m. and (ii) total GFA of 131,472 sq.m. for held future development. During the Track Record Period, part of our completed projects were developed on land obtained through public tender, auction or listing-for-sale process organised by government authorities, acquisitions and urban renewal projects, and we may continue to acquire land for our property development projects through such methods.

In addition, the PRC government and relevant local authorities control the supplies and prices of the new land parcels and approve the planning and use of such land parcels. Local governments control the availability of land acquisitions by public tender, auction or listing-for-sale process organised by government authorities. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. For details, please refer to the section headed "Regulatory Overview" in this listing document. Furthermore, the rapid development of the cities we plan to enter into in recent years has resulted in a shortage in the supply of undeveloped land in desirable locations and increased land acquisition costs, which is one of the largest components of our cost of sales. As a result, our cost for acquiring land use rights may rise further in the future. Our business, financial condition, results of operations and prospects may be materially and adversely affected if we are unable to acquire land for development in a timely manner or at prices that allow us to achieve reasonable returns upon sales to our customers.

We may not be successful in managing our growth and expansion into new regions and cities.

We experienced a rapid growth during the Track Record Period in which our revenue amounted to RMB481.8 million, RMB590.8 million, RMB775.6 million and RMB473.0 million, respectively. In order to continue to achieve sustainable growth, we need to continue to seek development opportunities in selected cities with the potential for growth, such as Foshan. As at the Latest Practicable Date, we had established presence in three cities in China with an aggregate total land bank attributable to our Group of 259,632 sq.m. as at the Valuation Date. We have established our reputation in Dongguan and Huizhou. Expanding into new geographical locations involve uncertainties and challenges as we may be less familiar with local regulatory practices and customs, customer preferences and behaviour, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies in relevant sub-markets. In addition, expanding our business into new geographical locations would entail competition with real estate developers who have a better-established local presence or greater access to local workforce, expertise and knowledge than we do. Competitive pressures may compel us to reduce prices and increase our costs, thus lowering our profit margins. There is no guarantee that we will be able to pass any additional costs onto our customers. Furthermore, the construction, market and tax-related regulations in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments.

Certain cities may also subject us to higher land acquisition costs. As we may face challenges not previously encountered, we may fail to recognise or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand for our properties in the cities into which we expand.

In addition, expanding into new regions and cities requires a significant amount of capital and management resources. We may not be able to manage the growth in our workforce to match the expansion of our business, and accordingly, experience issues such as capital constraints, construction delays, and lack of skilful and qualified personnel. Moreover, expanding our geographical reach will divert management attention from our existing operations. There is no guarantee that we will be able to hire, train or retain sufficient talent to successfully implement our expansion plans. Any of these issues could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business is dependent on the market recognition of the product series "Villas" (豪庭) and "Mansion" (公館) and reputation of our Directors, senior management team and other key personnel. Any infringement of our intellectual property rights may materially and adversely affect our business.

We rely, to a significant extent, on our "Villas" (豪庭) and "Mansion" (公館) product series and reputation of our Directors, senior management team and other key personnel to attract potential customers. Any negative incident or negative publicity concerning us or our properties or our Directors, senior management team and other key personnel may materially and adversely affect our reputation, financial condition and business and results of operations.

We believe that we are recognised in our markets for the quality of our products. We have also placed great importance on the continuous enhancement of our reputation and the increase in our reputation recognition. Any negative incident or negative publicity about us or our properties may materially and adversely affect our reputation, business, financial condition and results of operations. Our reputation, which is based largely on consumer perceptions with a variety of subjective qualities, can be damaged even by isolated business incidents that damage homebuyers' trust. Demand for our properties and our reputation could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive buyers' experience, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity and the resulting decline in reputation, or any failure to establish our reputation in the cities in which we currently operate, may have a material adverse effect on our business, financial condition and results of operations.

Our development strategy also depends on our ability to use, develop and protect our intellectual properties, such as our trademark. As a result, we could be subject to trademark disputes. The defence and prosecution of intellectual property lawsuits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the time and attention of our management personnel. An adverse ruling in any such litigation or proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties and to pay ongoing royalties, or subject us to injunctions prohibiting the use of such name and/or logo. In addition, any unauthorised use or inappropriate use of our name may damage our reputation and materially and adversely affect our business. If we are unable to preserve, sustain or strengthen our reputation or our reputation is damaged, we may not be able to maintain our business reputation and pace of development, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have obtained and may continue to obtain land through urban renewal, which involves a number of risks and uncertainties.

Urban renewal is a reconstruction strategy implemented in provinces such as Guangdong which focuses on the transformation of old towns, old factories and old villages. As at the Valuation Date, we had three urban renewal projects, namely Phases 3, 4 and 5 of Castfast Villas. Urban renewal projects usually involve longer developing cycle, larger capital pressure, greater planning difficulty, and more efforts in negotiations with local government and local existing residents. Moreover, the development of urban renewal projects may involve more procedures than usual. For such reasons, our involvement in urban renewal projects increase the time and resources which may be required for us to complete the planning and obtain the necessary approvals, and our business operation and financial conditions may be adversely affected.

We may, in the future, acquire more parcels of land through urban renewal or participate in more urban renewal projects when suitable opportunities arise. Our participation in the urban renewal projects in the future may expose us to the same or similar risks and uncertainties.

Urban renewal projects may also involve uncertainties in respect of the preparatory work, which is typically responsible for the site clearing process undertaken by the relevant local governmental authority, which involves demolition works and resettlement of affected households. Any delay may prolong the resettlement process and the subsequent land acquisition and development process and/or increase the land development costs, which may in turn materially and adversely affect our cash flows, financial condition and results of operations.

Our historical financial growth, including revenue and profit margin growth, may not be indicative of our future financial performance.

For the three years ended 31 March 2022 and the six months ended 30 September 2022, we had experienced growth in our financial performance. Our revenue increased from approximately RMB481.8 million for the year ended 31 March 2020 to approximately RMB590.8 million for the year ended 31 March 2021, and further to approximately RMB775.6 million for the year ended 31 March 2022. Our revenue increased from approximately RMB359.9 million for the six months ended 30 September 2021 to approximately RMB473.0 million for the six months ended 30 September 2022.

For the three years ended 31 March 2022 and the six months ended 30 September 2022, our gross profit was approximately RMB349.0 million, RMB429.3 million, RMB587.0 million and RMB354.4 million, respectively, and our gross profit margin was 72.4%, 72.7%, 75.7% and 74.9% in the same periods, respectively. Nevertheless, our historical financial information is a mere analysis of our past performance and does not have any implication or may not necessarily reflect our financial performance in the future. Our business and financial prospect will depend on our capability to secure new property development opportunities and deliver existing property projects according to their development schedule and to control our costs. In particular, the average selling prices per sq.m. and the gross profit margin of our property products vary by the type of properties we develop and sell. We offer two main series of residential property developments, namely, "Villas" (豪庭) series and "Mansion" (公館) series. Generally, "Villas" (豪庭), which mainly targets middle income and move-up homebuyers, commands relatively higher ASP as compared to that of "Mansion" (公館), which mainly target first-time homebuyers and retirees. The profit margin from the sales of Phases 3, 4 and 5 of Castfast Villas during the Track Record Period would likely be higher than the sales of Louvre Mansion (the project which was completed in September 2022), or other types of properties going forward. Moreover, the land acquisition cost per sq.m. of Hecheng Neighbourhood Parcel is higher than the average land acquisition costs per sq.m. of Phases 3, 4 and 5 of Castfast Villas. Our gross profit margin for the future project to be developed on Hecheng Neighbourhood Parcel is expected to the lower than that for Phases 3, 4 and 5 of Castfast Villas and there is a possibility that the effect on the gross profit margin on the Group can be material.

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial source of our total revenue. Our operating results for any given period primarily depend on the recognised GFA and the ASP of the properties we recognise during such period and the market demand for those properties. Conditions of the property markets change from period to period and are affected by the economic, political and regulatory developments in China in general as well as in the cities and regions in which we operate. The recognised ASP of our properties may also fluctuate from period to period depending on the ASP for properties in cities and regions where we develop and sell property development projects.

However, there is no assurance that our financial performance, including revenue and profit margin, in the future will remain at a level comparable to those recorded during the Track Record Period. If we fail to secure new property development opportunities, deliver existing property development projects according to their development schedule or control our cost, or fail to maintain our profit margin at a level comparable to that recorded during the Track Record Period, our business, financial condition and results of operations may be materially and adversely affected.

The timing of our property sales and progress of our property development projects may cause our results of operations to fluctuate from period to period, making it difficult to predict our future financial performance.

For the three years ended 31 March 2022 and the six months ended 30 September 2022, we derived approximately RMB481.8 million, RMB590.8 million, RMB775.6 million and RMB473.0 million from sales of our properties in the PRC. The timing of completion and delivery for our properties generally depends on our construction timetable. We recognise revenue when the property is accepted or deemed as accepted by our customer, whichever is earlier. Based on our expected timeline for the launch of remaining unsold residential GFA, it is possible that our revenue may decrease over the next few years. Periods during which we make a significant number of pre-sales may not be periods during which we generate corresponding levels of revenue. Therefore, our results of operations may vary from period to period depending on the number of properties being delivered in the relevant period. Our results of operations of any given period may not be indicative of our future financial performance, although they may influence our share prices from time to time. The effect of timing on our results of operations is accentuated by the fact that, given the capital-intensive nature of our business, the number of projects we can take on at a time is limited, and the delivery timing of a limited number of projects could have a potentially significant impact on our financial performance.

Moreover, our construction timetable is always subject to change due to factors beyond our control, such as market or economic conditions, natural disasters, adverse weather conditions and delays in obtaining the requisite permits, licenses and certificates from the relevant government authorities. If our results of operations do not meet market expectations, we may experience material and adverse effects on our share prices, particularly as it may be difficult for investors to predict our future financial performance.

We may fail to complete our property development projects on time or at all

Property development projects typically require significant capital resources and a substantial amount of time may pass before they generate revenue. The progress of a property development project may be affected by various factors, which may include, among others:

- changes in market conditions, economic downturns and/or decline in customer interest;
- availability and cost of financing;
- delays in or failure to obtain the requisite permits, licenses and certificates from relevant government authorities;
- changes in government policies, rules or regulations;
- increases in the prices of our raw materials;
- shortages of materials, equipment, contractors and skilled labour;
- latent geographical or environmental conditions giving rise to the need to modify initial plans for our property development projects;
- unforeseen problems related to engineering and design;
- construction accidents, labour disputes and strikes; and
- natural disasters or adverse weather conditions.

Before we are affected by one or more of the above factors and must modify our plans, we may have already expended significant capital resources with little or no prospect of recovering or mitigating our losses. Substantial capital expenditures are generally incurred for business operations to do with land acquisition and construction. Construction itself may take longer than a year before we generate positive net cash flow through pre-sales, sales and leases. Consequently, any failure to complete property development projects on time or at all may adversely affect our business and results of operations. Our customers may be entitled to claim compensation for late delivery or terminate pre-sale agreements. We may suffer material and adverse effects on our reputation and access to future business opportunities in the long term. We are also unable to guarantee that any legal proceedings or renegotiations resulting from delays or failures to deliver will have a favourable outcome. For details, please refer to the paragraph headed "— We are exposed to disputes, claims or litigation" in this section below.

Property development projects could fail for various reasons, a number of which we have no control over. These include but are not limited to: (i) our failure to obtain the relevant government approvals; (ii) changes in land use rights ownership (and in the case of urban renewal developments, changes in the regulatory environment); (iii) unexpected urban or infrastructure development in the vicinity (for example, the compulsory acquisition of land by the government for the construction of a high speed rail tracks); (iv) changes in relevant laws and policies; (v) breach of the relevant acquisition contracts by our counterparties (including existing use rights land owners) and (vi) our failure to win the bidding under the urban renewal project. In the event of an unsuccessful property development project, there is no guarantee that we would be able to recoup all or part of our resources committed, including any sums prepaid to original land use rights owners or deposits paid for potential acquisitions of subsidiaries under relevant agreements, which may have a material adverse effect on our business, financial condition and results of operations.

On the other hand, as we plan to acquire land in sites designated for urban renewal, the land parcels that we acquire in the future for development may have existing buildings or other structures or may be occupied by incumbent residents or other third parties, which require resettlement and demolition. Given the nature of resettlement and demolition, which depends on various external factors that are beyond our control, we cannot guarantee that there will not be any delay in our development schedule. If the party responsible for the resettlement or demolition and the original residents fail to reach an agreement on the amount of compensation, either of them may apply to the relevant authorities for a ruling on the amount of compensation. Dissenting residents may also refuse to relocate. Such administrative process or resistance or refusal to relocate may delay the timetable of our property development projects or, in extreme cases, prevent their completion. The occurrence of any of the above events may have an adverse effect on our business, financial condition and results of operations.

The national and regional economies in China and our business may be adversely affected by factors beyond our control such as natural disasters, epidemics and pandemics.

Our business is subject to general economic and social conditions in China, in particular, in cities where our property development projects are located. Certain factors beyond our control may adversely affect the economy, infrastructure and livelihood of people in the regions where we conduct our business operations. Some regions in China may be susceptible to the threat of natural disasters, epidemics or pandemics such as Severe Acute Respiratory Syndrome (SARS), H1N1 influenza, H5N1 influenza, H7N9 influenza, H3N2 influenza and COVID-19. Serious natural disasters may result in, among others, power shortages or failures, loss of life, injuries, destruction of assets and disruption of our business operations.

Severe communicable disease outbreaks may cause a widespread health crisis that materially and adversely affects economic systems and financial markets. COVID-19 was detected toward the end of 2019 and quickly spread across China in early 2020. On 11 March 2020, the World Health Organization declared COVID-19 outbreak a pandemic. In response to the COVID-19 pandemic, governments around the world have imposed travel restrictions and/or lockdown to contain its spread. For example, China imposed lockdown on various local communities, cities and regions since the outbreak of COVID-19 in 2020. There is no assurance that more countries will not impose similar travel restrictions or lockdowns in response to the pandemic. There is also no assurance that the current containment measures will be effective in halting the pandemic. The governments of certain cities where we have projects and business operations, for instance, Dongguan implemented travel and other restrictions in efforts to curb the spread of COVID-19. As a result, sales offices and construction of certain of our property projects were temporarily shut down for a short period. For details, please refer to the section headed "Business — Effect of the COVID-19" in this listing document. Therefore, the completion of our property development projects may be delayed and sales might be lower than expected which may, in turn, lead to material increases in property development costs, late delivery charges that result in an adverse effect on our business operations, profitability and cash flows. Moreover, it is possible for the local authorities to impose additional restrictions and/or measures to further contain the spread of COVID-19, which may have further adverse impact on the abovementioned consequences and result in the worsening of the general economic and social conditions of relevant regions or cities. It is possible that customers who have entered into sales contracts with us to purchase properties could default on their mortgage or payments if the general economic situation further deteriorates as a result of the pandemic. The highly-transmissible Delta and Omicron variants of COVID-19 have also caused authorities in the PRC to reimpose restrictions such as travel restrictions and stay-at-home orders. Short term suspensions in construction and sales activities occurred from time to time due to COVID-19 related reasons, such as stay home orders, traffic control, COVID-19 testings, etc.. The approval process of obtaining pre-sale permits also slowed down during the pandemic. We obtained all necessary pre-sale permits for Phases 3, 4 and 5 of Castfast Villas and Louvre Mansion as at the Latest Practicable Date. COVID-19 pandemic may affect our operation and financial performance negatively in the future, such as slowing down sales activities and delaying revenue recognition. The longer-term trajectory of COVID-19 and the effects of mutations in the virus, both in terms of scope and intensity of the pandemic, together with their impact on our industry and the broader economy are still difficult to assess or predict and pose significant uncertainties that will be difficult to quantify. The extent to which the COVID-19 pandemic may affect our operations and financial performance will depend on future developments, which are highly uncertain and cannot be predicted. Any of these issues could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not have adequate financing to fund our future land acquisitions and property development, and such capital resources may not be available on commercially reasonable terms or at all.

Property development is capital intensive. We expect to continue to incur a high level of capital expenditure for land acquisition and construction for the foreseeable future. For information on our capital commitments as at 31 March 2020, 2021 and 2022 and 30 September 2022, please refer to the section headed "Financial Information — Commitments and contingent liabilities/financial guarantees" in this listing document.

During the Track Record Period, we financed our property development projects primarily through a combination of internally generated funds, proceeds from pre-sales and sales of our properties, borrowings from banks and amounts due to fellow subsidiaries. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including: (i) requirements to obtain PRC government approvals necessary for obtaining financing in the domestic or international markets; (ii) our future results of operations, financial condition and cash flows; (iii) the condition of the international and domestic financial markets and the availability of financing; (iv) changes in the monetary policies of the PRC government with respect to bank interest rates and lending practices; and (v) changes in policies regarding regulation and control of the property market.

The PRC government has implemented a number of measures to manage the growth of the money supply and the availability of credit, especially with respect to the property sector. For example:

- requiring that at least (i) 20% of the total investment for affordable housing or commodity housing property development projects is funded by the developer's own capital; and (ii) 25% of the total investment for all other types of property development projects is funded by the developer's own capital;

- restricting commercial banks from granting loans to real estate developers which will be used to pay land premium;

- restricting trust companies from providing financing to real estate developers that have not obtained the relevant land use right certificates, construction land planning permits, construction work planning permits or construction work commencement permits, or to projects that fail to meet project capital ratio requirements;

- restricting trust companies from funding projects developed by real estate developers which, or whose controlling shareholders, do not have second-level or above qualification;

- prohibiting PRC commercial banks from extending any existing loans or granting any new or revolving credit facilities in any form to real estate developers with non-compliance records in relation to, among other things, holding and speculating idle lands, using the land outside the scope of the designated purpose, postponing construction commencement or completion, hoarding properties and rigging price for properties;

- prohibiting PRC commercial banks from taking commodity properties that have been vacant for more than three years as security for loans to real estate developers; and

- prohibiting real estate developers from using borrowings obtained from local banks to fund property developments outside the regions in which the lending banks reside.

In addition, the PBOC regulates the reserve requirement ratio for commercial banks in the PRC, which affects the availability and cost of financing that we may obtain from them. We cannot assure you that the PRC government will not introduce additional measures that may restrict our access to capital resources and external financing. Failure to secure sufficient external financing on favorable terms, or at all, may hinder our ability to implement and complete our property development projects.

Apart from the above, the PRC government also implemented restrictions on the ability of PRC real estate developers to obtain offshore financing which could affect our ability to deploy the funds raised outside of the PRC in our business operation. For example, on 23 May 2007, the MOFCOM and the SAFE jointly promulgated the Notice on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Industry (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》), as further amended on 28 October 2015 by the MOFCOM, which provides that the authority responsible for foreign exchange administration and designated foreign exchange bank shall not handle procedure of settlement, sale and remittance of capital exchange for such foreign-invested real estate enterprises as have not completed the procedure of record for file in the MOFCOM. In addition, pursuant to the Guidelines for Administration over Foreign Debt Registration (《外債登記管理操作指引》)

promulgated by SAFE on 28 April 2013 and effective from 13 May 2013 and amended on 4 May 2015, real estate enterprises with foreign investment approved by local MOFCOM branches and filed with the MOFCOM after (and including) 1 June 2007 are not allowed to register foreign debt contracts with the SAFE or its local branches. Under the guidance, if the foreign-invested real estate enterprise does not obtain the land use right certificate, or the project capital for project development does not reach 35% of the total amount of project investment, such enterprise shall not incur foreign debt and the SAFE or its local branches shall not register foreign debt or process foreign debt exchange settlement for such enterprise. Also, according to the Circular of the General Office of the National Development and Reform Commission on Requirements for Record-filing for Issuance of Foreign Debts by Real Estate Enterprises (《國家發展改革委辦公廳關於對房地產企業發行外債申請備案登記有關要求的通知》(發改辦外資[2019]778號)) promulgated by the NDRC and came into effect on 9 July 2019, foreign debts issued by real estate enterprises could only be used for repaying medium-and long-term offshore debts that will be due in the upcoming year.

Furthermore, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require registration with industrial and commercial administration authorities as well as foreign exchange authorities, and submission of the investment information to competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system, which may take considerable time and delay the actual contribution to the PRC subsidiaries. This may adversely affect the financial condition of the PRC subsidiaries and may cause delays to the development undertaken by such PRC subsidiaries. In addition, our PRC subsidiaries which are foreign-invested enterprises shall register with the foreign exchange authorities after established, and shall undergo modification registration in case of any subsequent capital modification, such as capital increase or decrease or equity transfer. We cannot assure you that we have completed or will complete in a timely manner all relevant necessary registration for all our operating subsidiaries in the PRC to comply with this regulation. Moreover, we cannot assure you that the PRC government will not introduce any new policies that further restrict our ability to deploy, or that prevent us from deploying, in the PRC the funds raised outside of the PRC. Therefore, we may not be able to use all or any of the capital that we may raise outside the PRC to finance our projects in a timely manner, or at all.

The above measures and other similar government actions and policy initiatives have limited our ability and flexibility in using bank loans and trust financing arrangements to finance our property development projects. Should the PRC government introduce similar additional initiatives, we may not be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms or at all. Furthermore, we cannot assure you that our current business operations of external financing will remain fully compliant with the rapidly evolving regulatory environment on a timely basis, or at all.

We may fail to obtain or experience delays in obtaining the relevant PRC governmental approvals, licenses or permits for our property development projects.

The property development industry in the PRC is heavily regulated and property developers must be in compliance with various laws and regulations, including rules promulgated by national and local governments to enforce these laws and regulations. Like other property developers in China, we must apply to the relevant government authorities to obtain (and renew those relating to on-going operations) various licenses, permits, certificates and approval to engage in property development enterprise, land use rights certificates, construction work commencement permits, construction work planning permits, construction land planning permits, pre-sales permits and completion certificates. We must meet specific conditions in order for the government authorities to issue or renew any certificate, license or permit. For instance, we intend to develop a residential project at the Industrial Complex located in Fenggang Town, Dongguan City which is currently zoned for industrial use. We intend to apply for the change of land use to residential use so that we can develop residential properties on the land. For further details of our property development at the Industrial Complex, please refer to the section headed "Business — Description of our development projects" in this listing document. However, the proposed change of permitted use is subject to completion of several preparation works before approval for the proposed change of use can be obtained, including: (i) prepare an urban renewal plan prescribing the types of developments that may develop on the land, (ii) conduct a survey on the title owners in the area proposed to be redeveloped, ascertaining their respective rights and title to the land, (iii) formulate a resettlement compensation plan for the affected villagers regarding demolition, resettlement plan and resettlement compensation, (iv) discuss and negotiate with local government authorities on the redevelopment terms such as any top-up land premium and the amounts (if any), and the saleable GFA taking into account the requirements to be imposed by the local government with respect to urban renewal developments, for example, the construction of hospitals and schools within the relevant land parcel. Since redevelopment involves sophisticated procedures and various negotiations with local government and villagers, there is an uncertainty of whether we can obtain, or if we can obtain, when we can obtain or on what terms we can obtain the government approvals for the proposed change of permitted use of the Industrial Complex.

In addition, during the COVID-19 pandemic, we experienced slight delay in the approval process of obtaining pre-sale permits. For details, please refer to the sections headed "Summary — Recent Developments and No Material Adverse Change — Effect of COVID-19" and "Business — Effect of COVID-19" in this listing document. We cannot assure you that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property development industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. In the event that we fail to obtain, renew or abide by or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our property development projects, we may not be able to continue with our development plans, and our business, financial condition and results of operations may be materially and adversely affected.

Moreover, as the property development industry is closely monitored by the PRC government, we anticipate that new policies will be promulgated from time to time in relation to the conditions for issuance or renewal of such approvals, licenses or permits. We cannot guarantee that such new policies will not present unexpected obstacles toward our ability to obtain or renew the required permits, licenses and certificates or that we will be able to overcome these obstacles in a timely manner, or at all. Loss of or failure to renew our permits, licenses and certificates may stall the progress of our property development projects. For more information, please refer to the paragraph headed "— We may fail to complete our property development projects on time or at all" in this section above.

We may be subject to fines or forfeit land to the PRC government if we fail to pay land grant premium or fail to develop properties within the time and in accordance with the terms set out in the relevant land grant contracts.

Under PRC laws, if we fail to develop a property development project according to the terms of the land grant contract, including those relating to the payment of land grant premium, the designated use of the land and the time for commencement and completion of the property development, government authorities may issue a warning, impose a penalty and/or order us to forfeit the land. Specifically, under current PRC laws, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the government. If we fail to commence development within one year of the commencement date stipulated in the land grant contract, the relevant PRC land bureau may issue a warning to us and impose an idle land penalty of up to 20% of the land grant premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may confiscate our land use rights without compensation, unless the delay in the development is caused by government action or is due to a force majeure. Moreover, if a property developer commences development of the property in accordance with the timeframe stipulated in the then land grant contract but, suspended for more than one year without government approval and falls under either of the following two situations: (i) the developed land area is less than one-third of the total land area, or (ii) the total invested capital is less than one-fourth of the total planned investment in the project, then the land may be treated as idle land and will be subject to the risk of forfeiture. In September 2007, MLR issued a new notice to further enhance control of the land supply by requiring developers to develop land according to the terms of the land grant contracts and restricting or prohibiting any non-compliant developers from participating in future land auctions. In January 2008, the State Council issued a Notice of the State Council on Promoting Land Saving and Efficient Use (國務院關於促進節約集

約用地的通知) to escalate the enforcement of existing rules on idle land management. Furthermore, the MLR issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) in August 2009, which reiterated the applicable rules with regards to idle land management. On 1 June 2012, the MLR promulgated the revised Measures on the Disposal of Idle Land (閒置土地處置辦法), which went into effect 1 July 2012. These further measures may prevent competent land authorities from accepting any application for new land use rights or processing any title transfer transaction, lease transaction, mortgage transaction or land registration application with respect to idle land prior to the completion of the required rectification procedures. We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factor, we may lose the opportunity to develop the project as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we failed to complete construction within the prescribed period as stipulated in certain land grant contracts for and therefore failed to comply with the Urban Real Estate Law and the PRC Contract Law in respect of these projects. According to the land grant contracts, the construction of Phase 4 and Phase 5 of Castfast Villas should be completed by 29 December 2019 but the actual final completion date was 14 May 2021 and 19 November 2021, respectively. According to the land grant contracts, the construction of Louvre Mansion should be completed by 3 April 2021 but this project was completed in September 2022. For details of the non-compliance incidents and the remedial measures taken, please refer to the section headed "Business — Legal and Regulatory Compliance — Non-compliance Incidents" in this listing document.

We have indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations.

We maintain a substantial level of borrowings to finance our operations during the Track Record Period. As at 31 March 2020, 2021 and 2022 and 30 September 2022, our total bank borrowings amounted to approximately RMB382.4 million, RMB370.5 million, RMB236.5 million and RMB146.7 million, respectively. We may from time to time in the future consider other debt financing opportunities to refinance our existing loans or incur additional borrowings to support our business operation and expansion. Our net gearing ratio, as calculated by dividing total bank borrowings and lease liabilities less cash and bank deposits and pledged deposits by total equity as at the end of the respective period and multiplied by 100%, was approximately 34.6% as at 31 March 2020, and we had net cash as at 31 March 2021 and 2022 and 30 September 2022, respectively.

Our indebtedness could have an adverse effect on us, for example by: (i) increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates; and (ii) limiting our flexibility in the planning for, or reacting to, changes in our business or the industry in which we operate. We have indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulations, demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and to service our debts, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking equity capital. As a result, our cash flow, cash available for distributions, financial condition and results of operations may be materially and adversely affected.

There are uncertainties about the recoverability of our deferred tax assets, which could adversely affect our results of operations.

We recorded deferred tax assets of RMB56.7 million, RMB94.0 million, RMB148.2 million and RMB83.2 million, respectively, as at 31 March 2020, 2021 and 2022 and 30 September 2022. We periodically assess the probability of the realisation of deferred tax assets, using significant judgements and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. In particular, deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case, we may not be able to recover our deferred tax assets which thereby could have an adverse effect on our business, financial condition and results of operations.

We rely on contractors during the construction and development stages of our property development projects, who may not perform in accordance with our expectations.

We rely on contractors during the construction and development stage of our property development projects, selecting them based on factors such as market reputation, qualifications, prices and track record. Our contractors are also generally responsible for procuring construction materials, as well as the design of non-standard projects, landscaping, and interior design work. However, we cannot guarantee that the services rendered or construction materials provided will always meet our expectations. For example, in the event that our contractors fail to deliver properties that are safe for habitation or use on schedule, this may affect our own timeline for delivery to our customers. There can also be no assurance that our contractors will not encounter financial or other difficulties that cause delays, create quality defects or force them to stop working altogether. Additionally, it is possible that we do not discover quality defects until after delivery and there is resulting damage to person or property. We may incur additional costs while taking remedial measures such as replacing contractors, purchasing new construction materials and paying compensation. Any or all of them may materially and adversely affect our business, results of operations, market reputation and access to future business opportunities.

We are exposed to contractual and legal risks related to pre-sales.

We are subject to legal and contractual risks related to pre-sales, which could have an adverse effect on our business, financial condition and results of operations. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sales of the relevant properties and pre-sale proceeds may only be used to finance the related development. We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Any ban or additional restrictions on pre-sales may require us to seek alternative sources of funding to finance our developments, and if alternative funding are not available under commercial acceptable terms, or at all, our cash flow and prospects, and business, results of operations and financial condition could be materially and adversely affected.

Moreover, we make certain undertakings in our pre-sale contracts, and our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to complete delivery of a pre-sold property on time, we may be liable to the relevant customers for such late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If our delay extends beyond a specified period, our customers may terminate their pre-sale contracts and claim for compensation. A customer may also terminate his or her contract with us and/or bring claims for compensation for certain other contractual disputes, if the interior decoration of the relevant unit is inferior to what is set out in the contract, or if the customer fails to receive the individual property ownership certificate within a statutory period due to our fault. Any of such factors could have a material adverse effect on our business, financial condition and results of operations.

We rely on real estate agents to sell and market our property development projects, who may not perform in accordance with our expectations.

During the Track Record Period, we relied on our own sales and marketing team as well as local real estate agents to sell and market our property development projects. We ordinarily engage independent real estate agencies in the marketing and sales of each of our projects. We selected local real estate agents based on factors such as market reputation, qualifications, prices and track record. As the local real estate agents are independent third parties, we cannot assure you that they have complied in all material respects with PRC laws and regulations relevant to property sales or fulfil material terms and requirements set forth the contracts with us. In the event that our local real estate agents fail to comply with such PRC laws and regulations or fulfil material terms and requirements set forth the contracts with us, particularly in relation to representations and warranties or sales and marketing campaigns, we may suffer material and adverse effects on our reputation. We may also lose our customers, suffer reputation damage and therefore our market share in the long term. Additionally, there is no guarantee that our real estate agents will perform up to our standards of professionalism and effectiveness. We may suffer material and adverse effects on our business and results of operations, as well as incur additional costs while seeking to replace real estate agents unsuited to the task of selling and marketing our properties.

The LAT calculated by the relevant PRC tax authorities may be different from our calculation of LAT liabilities for provision purposes, which may have a material adverse effect on our financial condition.

Properties that we develop for sale are subject to a LAT. Under PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in China are subject to LAT at rates ranging from 30% to 60% on the appreciated value of the properties. LAT is calculated based on the proceeds received from the sale of properties less deductible expenditures. We make provision for the estimated full amount of applicable LAT in accordance with relevant PRC tax laws and regulations.

As at the Latest Practicable Date, we had not had any disagreements with the relevant authorities with respect to our LAT calculations. However, we cannot assure you that this will always be the case going forward. The relevant authorities may conclude that we are liable for more substantial LAT payments with respect to past liabilities and present obligations. Furthermore, as we expand into provinces and cities in which we have no existing business operations, we may find that our original provisions for LAT will be insufficient to cover our actual LAT obligations due to lack of experience in and knowledge of our new markets. We may experience material adverse effects on our cash flow, financial condition and results of operations while seeking to pay the shortfall amount to relevant authorities, which may in turn lead to restrictions on our ability to implement our business strategies.

We are susceptible to the effects that interest rate hikes may have on our homebuyers' mortgage rates and our financing costs.

Changes in interest rates generally affect our homebuyers' mortgage rates and our financing costs. In the wake of the financial crisis, the PBOC began reducing benchmark interest rates from June 2012 onwards. For example, on 6 June 2012, China's benchmark one-year lending and deposit rate was lowered to 6.31% from 6.56% on 8 June 2012; it was lowered several more times until it reached 4.35% on 24 October 2015. While the PRC economy grows and the U.S. Federal Reserve increases its own benchmark interest rates, we anticipate that the PBOC may adjust benchmark interest rates upward. Any hike in benchmark interest rates is likely to increase our customer's mortgage rates and our financing costs. Increases in mortgage rates may slow growth in the real estate market, while increases in our financing costs may materially and adversely affect our business, financial condition and results of operations.

The appraised value of our properties may be different from their actual realisable value and are subject to change, and if the actual realisable value of our properties is substantially lower than their appraised value, there may be a material adverse effect on our business, financial condition and results of operation.

The appraised value of our properties as contained in the property valuation report set out in Appendix III to this listing document is based on multiple assumptions that include elements of subjectivity and uncertainty. The appraised values of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realisable value or an estimate of their realisable value. With respect to properties under development and properties held for future development, the valuations are based on the assumptions that, as the case may be, (i) it will be developed and completed in accordance with the latest development proposals; (ii) all consents, approvals, and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays; and (iii) the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been approved by the relevant authorities.

In addition, the appraised value of properties is based on key assumptions including their market position, levels of yield, rent and/or price. Even though our property valuer adopted calculation methodologies used in valuing similar types of properties when preparing the property valuation report, the assumptions adopted may prove to be incorrect. If any of these assumptions turns out to be incorrect or the actual realisable value of any of our properties is significantly lower than its appraised value, our business, financial condition and results of operations may be materially and adversely affected.

Provisions for properties under development and completed properties held for sale may adversely affect our financial position.

The real estate market volatility may subject us to risks in connection with possible provisions of impairment for properties under development as well as completed properties held for sale, if we fail to complete the construction and sell the properties in time at our desired prices. As at 31 March 2020, 2021 and 2022 and 30 September 2022, our properties under development for sale amounted to RMB606.9 million, RMB861.9 million, RMB149.7 million and nil, respectively, whereas our completed properties held for sale amounted to RMB179.4 million, RMB88.8 million, RMB876.7 million and RMB913.0 million, respectively. Provisions of impairment may arise when the carrying value of a property exceeds its recoverable amount. In particular, if we fail to complete the construction or sell the properties in time at our desired prices, the volatility of the real estate market may subject us to risks in connection with possible impairment losses for properties under development as well as completed properties held for sale. We cannot assure you that we may not incur provisions, if any or at similar level, during adverse market conditions in the future. If we incur provisions of impairment or experience increases in provisions of impairment for properties under development and completed properties held for sale, our financial position may be adversely affected.

The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, it may also change due to the uncertainty of accounting estimates in the valuation of investment properties with the use of significant unobservable inputs in the valuation techniques, which may materially and adversely affect our profitability.

As at 31 March 2020, 2021 and 2022 and 30 September 2022, we recorded investment properties of approximately RMB76.3 million, RMB76.4 million, RMB77.3 million and RMB77.8 million respectively. We recorded net valuation gain on investment properties of RMB80,000 for the year ended 31 March 2020, which became net valuation loss of RMB0.2 million for the year ended 31 March 2021. We then recorded net valuation gain of RMB0.9 million for the year ended 31 March 2022 and RMB0.5 million for the six months ended 30 September 2022. We are required to reassess the fair value of our investment properties at the end of each reporting period. Under

HKFRSs, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of profit or loss for the period in which they arise. Our investment properties are appraised by an independent property valuer at each of the relevant reporting date and are measured at fair value with significant unobservable inputs used in the valuation techniques. We recognised the aggregate fair value of our investment properties and relevant deferred tax on our consolidated statements of financial position and changes in fair value of investment properties and the relevant deferred income tax expenses on our consolidated statements of profit or loss. Gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the periods in which they arise and the impact may be significant.

Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. Nevertheless, impairment losses in investment properties would have a negative effect on our results of operations, even though such losses would not change our cash position as long as these properties are held by us. The amount of revaluation adjustment has been, and will continue to be, subject to market fluctuations and the changes of significant unobservable inputs in the valuation techniques. As a result, we cannot assure you that changes in the market conditions or valuation techniques will continue to create fair value gains on our investment properties or that the fair value of our investment properties may materially differ from the amounts it would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we receive in actual sales of the investment properties as compared with the recorded fair value of such properties would materially and adversely impact our results of operations.

We might be subject to impairment losses for prepayments, deposits and other receivables.

We might be subject to impairment losses for prepayments, deposits and other receivables. As at 31 March 2020, 2021 and 2022 and 30 September 2022, (i) the prepayments of our Group amounted to approximately RMB34.5 million, RMB49.1 million, RMB54.1 million and RMB18.2 million, respectively; (ii) the deposits of our Group amounted to approximately RMB0.3 million, RMB0.3 million, RMB31.9 million and RMB78.5 million, respectively; (iii) other receivables of our Group amounted to approximately RMB4.3 million, RMB2.9 million, RMB0.6 million and RMB0.8 million, respectively. Our prepayments mainly included prepayments of VAT, as well as the prepayments made to our suppliers or contractors in relation to the feasibility studies, advertising and promotional fee. Our deposits were deposits for office equipment and tendering of land. Other receivables were mainly receivables of Dongguan Wansheng, our subsidiary for procuring construction materials.

Pursuant to relevant tax laws and regulations, we are required to prepay non-refundable VAT for our pre-sold properties at the time the sales are contracted. Such prepaid amount is calculated based on the contracted selling price with reference to a fixed rate stipulated in the relevant tax laws and regulations. However, the final settlement amount of VAT is determined by the amount of input VAT and output VAT based on the applicable VAT rate in effect when the properties are delivered. While the prepaid VAT may enable us to reduce future tax payment, our prepaid VAT may also pose risks to us as its recoverability is dependent on the then applicable VAT rate in effect. Upon the final settlement, our prepaid VAT will be deducted from our VAT liabilities in the event that the final settlement amount of VAT exceeds the prepaid amount. However, such prepaid VAT will not be refunded if the prepaid amount exceeds the settlement amount. Therefore, there is no assurance that the prepaid VAT can be recovered. Efforts by the PRC government to increase tax revenues could also result in revisions to tax laws and regulations or their interpretation, which could increase our various tax liabilities. If there is an adjustment of applicable VAT tax rate in effect or a significant increase in the cost of sales of our property development projects, which resulted in a decrease in such projects' gross profit, the associated final settlement of VAT may be adjusted to an amount lower than our prepaid VAT. As a result, we may not be able to recover our prepaid VAT, which could have a material adverse impact on our business, financial condition and results of operations.

Further, there can be no assurance that we will not have bad debts in the future. As there is limited financial or public information on some of our counterparties, we cannot assure you that all of our counterparties are creditworthy and reputable and will not default on us in the future, despite our efforts to conduct credit assessments on them. As a result, we are exposed to risks that our counterparties may fail to fulfil their obligations to us under our business arrangements with them. We may need to provide allowance for impairment of our prepayments, deposits and other receivables, which could adversely affect our cash flow position and our ability to meet our working capital requirements, thereby materially and adversely affecting our business, financial condition and results of operations.

We guarantee the mortgage loans provided by financial institutions to our homebuyers and consequently, we are liable to the mortgagees if our customers default.

Our homebuyers may apply for mortgages to purchase our properties. As consistent with market practice, we guarantee these mortgages for up to and until purchasers of our properties obtain a "strata-title building ownership certificate" (分戶產權證) and register it in favour of the mortgage bank. The outstanding guarantees to the banks amounted to RMB521.9 million, RMB421.6 million, RMB695.8 million and RMB512.5 million as at 31 March 2020, 2021 and 2022 and 30 September 2022, respectively, which will be terminated upon the completion of the transfer procedures with the property buyers in respect of the legal title of the properties. The guarantee period may range from one to three years, and we generally deposit with the mortgage bank a sum equal to or less than 5% of the mortgage amount. In the event that a customer defaults on the mortgage payment, the mortgage bank may deduct the deposited sum from the payment due and demand our immediate payment of the outstanding balance. Once we have satisfied our obligations under the guarantee, the bank would then assign its rights under the mortgage to us and we would have full recourse to the property.

As we generally rely on credit assessments conducted by banks on our customers in making our guarantees, we cannot guarantee that they will be sufficient. Yet even if we were to conduct our own credit assessments on the customers, we cannot guarantee that one or more of our customers will not default on us going forward, particularly as there is limited financial or public information on many of them. There can also be no assurance that we will be able to estimate and make appropriate provision for defaults. Furthermore, any significant decline of the economic condition of the PRC or local markets in which we operate may lead to lowered income of our customers and, subsequently, an increased risk of default on loans. In the event that several guarantee payment obligations arise at a time, we may experience material and adverse effects on our business, financial condition and results of operations, especially if the market value of our properties depreciates substantially or the prevailing conditions prevent us from reselling our properties on favourable terms.

Our operations may be dependent on a limited number of major suppliers.

Our suppliers are mainly construction contractors. During the Track Record Period, we were dependent to a certain extent on a limited number of major suppliers for our property development business. Some of our general contractors and specialised contractors are local level operating entities owned or controlled by group companies in China. Our five largest suppliers, primarily comprising construction contractors in China, accounted for approximately 90.4%, 78.9%, 69.7% and 59.3% of our total purchase for the years ended 31 March 2020, 2021 and 2022 and the six months ended 30 September 2022, respectively, and our single largest supplier accounted for 60.4%, 58.1%, 47.9% and 14.3% of our total purchase during the same periods, respectively. For details, please refer to the section headed "Business — Our Suppliers" in this listing document. If a large number of our major suppliers decide to terminate business relationships with us or, if the services or raw materials supplied by our suppliers fail to meet our standards, or if our service or raw material supplies are interrupted for any reason, we may not be able to easily switch to other qualified suppliers in a timely fashion, which may materially and adversely affect our business and financial results. Also, please refer to the paragraph headed "— We may fail to complete our property development projects on time or at all" in this section above.

Our actual cost of sales for our property development and sales of a property development project may deviate from our initial estimations.

Our actual cost of sales for our property development and sales of a property development project may deviate from our initial estimations due to fluctuations in various costs, which could in turn have a material adverse effect on our business, results of operations and financial condition. We estimate the relevant total cost of sales for our property development and sales which comprise land use rights costs, construction and labour costs and capitalised interest at the outset of every property development project. While we have operating procedures to monitor the progress of development works to minimise deviation from the pre-approved budgets, our total development costs are subject to numerous factors which may be beyond our control. Our construction and labour costs have been affected by rising construction and installation costs and labour costs in the PRC in recent years, and we expect a continuous upward movement in construction and installation costs in the PRC in the future.

Furthermore, the PRC property market is significantly affected by policy and regulatory measures introduced by the PRC government from time to time which may affect various aspects of our property development operations, including but not limited to our cost of financing as well as the schedule of development of our property development projects, which in turn may result in deviation from our initial estimated development costs. We cannot assure you, however, that we will be able to continue to manage our development costs in the future. The profitability of the property development projects depends on the revenue recognition of the sale of properties, the actual cost of sales and relevant expenses incurred within the relevant financial year. If the actual development costs of our property development projects deviate materially from our initial estimations, our business, results of operations and financial condition may be materially and adversely affected.

Inappropriate marketing activities or advertising of our properties may lead to penalties, undermine our sales and marketing efforts, cause deterioration to our reputation, and have a material adverse effect on our business.

As a real estate developer in the PRC, we are subject to a number of laws and regulations regarding the marketing and promotion of our property development projects, our business and our reputation. If any of our advertisements are deemed false, misleading or failing to comply with the relevant laws and regulations, such as the PRC Advertising Law, we may be required to cease to publish the advertisement and eliminate adverse effects and face a fine that may range from three to five times of the advertising fee. In addition, any false advertising may cast doubt on our other disclosures, advertisements, filings and other publications, deteriorate our reputation, and consequently have a material and adverse effect on our business, financial condition and results of operations.

We may be subject to fines due to the lack of registration of our lease.

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. During the Track Record Period, we leased certain properties from independent third party landlords mainly for our office premises. As at the Latest Practicable Date, we failed to register two lease agreements in the PRC under which we are the tenant. The failure to register the lease agreements do not affect the validity of the lease agreements under the relevant PRC laws and regulations, or our rights or entitlements to lease out the investment properties to tenants. However, we may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. The registration of the lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreements which are beyond our control. We cannot assure you that the other parties to our lease agreements will be cooperative and that we can complete the registration of the lease agreements and any other lease agreements that we may enter into in the future. Furthermore, there are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests and infringement of third parties' intellectual property or other rights by our tenants) taking place in public places of our commercial properties, such as shopping malls. The occurrence of one or more accidents, injuries or prohibited activities at any of our investment properties could adversely affect our reputation among customers and guests, decrease our overall rents and occupancy rates and increase our costs by requiring us to implement additional safeguard measures. In addition, if accidents, injuries or prohibited activities occur at any of our investment properties, we may be held liable for costs, damages and fines. Our current insurance policies may not provide adequate or any coverage for such losses and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

Failure to retain the key management personnel may materially and adversely affect our business and results of operations.

Our continued success and growth depend on our ability to identify, hire, train and retain suitably skilled and qualified employees, including management personnel, with relevant professional skills. The services of our Directors and members of senior management are essential to our success and future growth. The loss of a significant number of our Directors and senior management could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. We may not be able to successfully attract, assimilate or retain all of the personnel we need. We may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs. In addition, if any Director or any member of our senior management or any of our other key personnel were to join a competitor or carry on a competing business, we may lose customers and other key professionals and staff members. Due to the intense competition for management and other personnel in the PRC property sector, any failure to recruit and retain the necessary management personnel and other qualified employees could have a material adverse impact on our business prospects.

If we lose the service of our key management, we may not be able to locate and obtain the service of qualified replacements. As a result, if we fail to retain our key management personnel, our competitiveness, business, financial condition and results of operations could be materially and adversely affected.

The total GFA of some of our property development projects may be different from the original authorised area.

Government's grants of land use rights for a parcel of land specify in the land grant contract the permitted total GFA that the developer may develop on the land. In addition, the total GFA is also set out in the relevant urban planning approvals and construction permits. However, the actual GFA constructed may be different from the total GFA authorised in the land grant contract or relevant construction permits due to factors such as subsequent planning and design adjustments. The actual GFA may be subject to approval when the relevant authorities inspect the properties after completion. The developer may be required to pay additional land premium and/or administrative fines or take corrective actions in respect of the adjusted land use and excess GFA before a completion certificate (工程竣工驗收備案表) can be issued to the real estate developers. Until the completion certificate is issued, we would not be able to deliver individual units to purchasers or to recognise the related pre-sale proceeds as revenue. The methodology for calculating the additional land premium is generally the same as the original land grant contract. If issues related to excess GFA cause delays in the delivery of our products, we may also incur liabilities to purchasers under our sales and purchase agreements. There can be no assurance that the constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA. Any of these factors may adversely affect our business.

We had net cash outflow from operating activities for the six months ended 30 September 2022, and if we continue to record negative operating cash outflow in the future, our liquidity and financial condition may be materially and adversely affected.

We had net cash outflow from operating activities of approximately RMB60.4 million for the six months ended 30 September 2022. Such net cash outflow from operating activities was primarily due to the cash generated from operations of RMB50.8 million and the income tax refunded of RMB80.0 million which was offset by the income tax paid of RMB191.1 million. For reasons of the net cash outflow for the six months ended 30 September 2022, please refer to the section headed "Financial Information — Liquidity and Capital Resources — Cash flow — Net cash generated from/(used in) operating activities" in this listing document. Although we seek to manage our working capital, we cannot assure you that we will be able to match the timing and amounts of our cash inflows with the timing and amounts of our payment obligations and other cash outflows. As a result, there could be a period during which we experience net cash outflow. Negative operating cash flow requires us to obtain sufficient cash position and external financing to meet our financial needs and obligations. If we are unable to do so, we will be in default of our payment obligations and may not be able to expand our business operation as planned. As a result, our business, financial condition and results of operations may be materially and adversely affected.

The property development business is subject to claims under statutory quality warranties, and if a number of claims are brought against us under our warranties, our reputation, business, results of operation and financial condition may be materially and adversely affected.

Under the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) enacted by the State Council on July 20, 1998 and amended on 8 January 2011, 24 March 2019 and 29 November 2020, and the Regulation for the Administration of Sales of Commodity Buildings (《商品房銷售管理辦法》), which went into effect on 1 June 2001, all real estate developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. During the Track Record Period, we did not receive any claims brought against us under statutory quality warranties. Generally, we receive quality warranties from third-party contractors with respect to our property development projects. We did not retain any amount to cover the payment obligation under quality warranties during the Track Record Period. If a large number of claims were brought against us under our warranties and if we were unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, we could incur expenses to resolve such claims or face delays in remedying the related defects, which could in turn diminish our reputation, and materially and adversely affect our business, financial condition and results of operations.

We are exposed to disputes, claims or litigation.

As a property developer, we are subject to claims in respect of various matters from our working parties and other parties concerned with our projects. Such claims may include claims for compensation due to late completion of projects or, disputes relating to late or insufficient payment and claims in respect of personal injuries and labour compensation in relation to the works. We cannot assure you that we will not be involved in any major legal proceedings in the future. Any involvement on these disputes may materially and adversely affect our business, financial condition and results of operations.

Our insurance coverage may not be adequate to cover all risks related to our operations.

We maintain insurance policies that are required under PRC laws and regulations. For details, please refer to the section headed "Business — Insurance" in this listing document. However, there are certain types of losses for which insurance coverage is not generally available on commercial terms acceptable to us, such as insurance against losses suffered due to business interruption, earthquake, flooding or other natural disasters, war, terrorist attack or civil disorder, or loss or damage caused by industrial actions. If we suffer any losses, damages or liabilities in the course of our business operations arising from events for which we do not have any or adequate insurance cover, we have to bear such losses, damages or liabilities by ourselves.

We cannot assure you that such coverage will be available or sufficient to cover all our risk exposures in relation to our business operations. If insurance coverage is unavailable or insufficient, our business, financial condition and results of operations may be materially and adversely affected.

We may be subject to fines and penalties as a result of our non-compliance with PRC laws and regulations in relation to non-compliance incidents during the Track Record Period.

During the Track Record Period, certain of our subsidiaries failed to fully or directly deposit the required amounts of pre-sale proceeds into the designated escrow accounts in accordance with relevant regulatory requirements for certain projects. The gross shortfall (i.e. the aggregate amount of the pre-sale proceeds that our Group did not directly deposit into the designated escrow accounts in accordance with the relevant regulatory requirements) as at 31 March 2020, 2021 and 2022 was RMB4.3 million, RMB86.2 million, RMB251.1 million, respectively, representing 1.3%, 21.0% and 30.0% of the pre-sale proceeds received, respectively. During the Track Record Period, we also failed to complete construction within the prescribed period as stipulated in certain land grant contracts for and therefore failed to comply with the Urban Real Estate Law and the PRC

Contract Law in respect of these projects. For details of the non-compliance incidents and the remedial measures taken, please refer to the section headed "Business — Legal and Regulatory Compliance — Non-compliance Incidents" in this listing document.

There is no assurance that we will not be subject to penalties or fines imposed by the relevant PRC governmental authorities as a result of such non-compliance incidents or be ordered to rectify such non-compliance incidents. Any such penalties, fines, or complaints may harm our corporate reputation and may have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to timely prevent or detect actions by our employees or workers which may engage in bribery, corruption or other improper conduct.

Although we have implemented relevant internal control measures to supervise and monitor our employees and workers to comply with the PRC anti-bribery, anti-corruption and other related laws and regulations. Bribery and other misconduct by our employees or workers may be difficult to prevent or to detect on a timely basis.

Failure to effectively supervise and monitor our employees or workers or to comply with the PRC anti-bribery, anti-corruption and other related laws and regulations may subject us to financial losses and our reputation and results of operations and business may materially and adversely affected.

We may experience failures in or disruptions to our information technology systems.

We rely on our information technology systems to manage key operational functions such as processing financial data and coordinating business operations among teams at our Group and local level. However, we cannot assure you that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar occurrences relating to our information systems will not occur going forward. We may incur significant costs in restoring any damaged information technology systems or to comply with any relevant data protection requirements under the relevant PRC laws and regulations. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material and adverse effects on our business and results of operations.

We may not be able to fulfil our obligation in respect of contract liabilities.

Our contract liabilities consist of the amounts received by our Group from customers when they sign the sales contract. As at 31 March 2020, 2021 and 2022 and 30 September 2022, the contract liabilities of our Group amounted to approximately RMB176.0 million, RMB359.2 million, RMB407.2 million and RMB133.5 million, respectively. These receipts in advance are recognised as contract liabilities until the properties are completed and accepted by our customers, or deemed as accepted according to the sales contract, whichever is earlier, as the point in time when the control of completed property is transferred to our customer resulting in recognition of the corresponding revenue. Since the revenue from property development and sales is only recognised upon the delivery of properties, the timing of such delivery may affect the amount and growth rate of our revenue from sales of properties. Moreover, we make certain undertakings in our pre-sale contracts, and our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to complete delivery of a pre-sold property on time, we may be liable to the relevant customers for such late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for compensation. Any of such factors could have a material and adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OUR INDUSTRY

We face intense competition, which may materially and adversely affect our business, financial performance and results of operation.

The property markets in Dongguan, Huizhou and Foshan have been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in the regions where we have operations and those which we may enter in the future. Our competitors include overseas listed foreign developers and top-tier domestic developers and they may have better access to resources, especially financial resources than us. Competition among property developers may cause an increase in land acquisition costs and raw material costs, shortages in quality construction contractors, temporary local market surpluses in property supply leading to property price declines, and higher costs to attract or retain talented employees, thereby affecting our profitability. If we fail to compete effectively, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are exposed to risks associated with operating in an industry yet in the adjustment and optimisation stage.

As the real estate industry in China is yet in the adjustment and optimisation stage, investors may be discouraged from acquiring properties as there is a limited amount of accurate financial and regulatory information publicly available. Other factors that discourage investment in real estate may include the limited number of mortgage financing options available, legal uncertainties to do with enforcement of title and the lack of a liquid secondary market for residential properties. Although demand for private residential property has grown in recent years, the real estate market has experienced volatility and price fluctuations. The risk of over-supply has also surfaced as investments in real estate are increasingly made for speculative reasons. We are exposed to risks associated with operating in such a business environment. Any of these factors may reduce demand for our properties. We may be forced to lower our prices, and the resulting decrease in our profit margins may materially and adversely affect our business and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The PRC economic, political, social conditions as well as government policies could adversely affect our business, prospects, financial performance and results of operations.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to structure, level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. Many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. The PRC economy has grown significantly in recent decades, but there can be no assurance that this growth will continue or continue at the same pace. In addition, demand for our services and our business, financial position and results of operations may be adversely affected by (i) political instability or changes in social conditions in the PRC; (ii) changes in laws, regulations or policies or the interpretation of laws, regulations or policies; (iii) measures which may be introduced to control inflation or deflation; (iv) changes in the rate or method of taxation; and (v) imposition of additional restrictions on currency conversion and remittances abroad.

The PRC legal system has inherent uncertainties that could limit the legal protection available to you.

All of our operating subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is based on written statutes. Prior court decisions are not legally binding and can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies in applying and enforcing such laws. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive.

In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis, if at all, and some of which may have a retroactive effect. The PRC may not accord equivalent rights, or protection for such rights, to those that you might expect in countries with more sophisticated real estate laws and regulations. Furthermore, the PRC is geographically large and divided into various provinces and municipalities. As such, when PRC laws, rules, regulations and policies apply in different parts in the PRC, there may be varying applications and interpretations. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, certain courts may refuse to make their documentation available for inspection. As a result, the legal protections available to you under the PRC legal system may be limited.

PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from making loans or additional capital contributions to our PRC subsidiaries.

As an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans provided by us to our PRC subsidiaries are subject to PRC regulations. For example, loans by us to our PRC subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered or filed on record. We may also decide to finance our PRC subsidiaries through capital contributions. These capital contributions must be filed with or approved by the MOFCOM or its local counterpart and registered with the SAIC or its local branch. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete filing and registration procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals or fail to complete such filing or registration procedures, our ability to use proceeds of any future financing we conduct and to capitalise our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Fluctuations in the value of the Renminbi and governmental control of currency conversion may limit our ability to use capital effectively.

Substantially all of our revenue and expenditures are denominated in Renminbi, while any dividends we pay on our Shares will be in Hong Kong Dollars. Fluctuations in the exchange rates between the Renminbi and the Hong Kong Dollar or U.S. Dollar will affect the relative purchasing power in Renminbi terms. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk. Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. In August 2015, PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. Dollar, requiring the market-makers who submit for reference rates to consider the previous day's closing spot rate, foreign exchange demand and supply as well as changes in major currency rates. The value of Renminbi depreciated against the U.S. Dollar by 4.8%, 6.2%, 5.3% and 1.4% in 2015, 2016, 2018 and 2019, respectively, but appreciated against the U.S. Dollar by 6.7% in 2017. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong Dollar or U.S. Dollar in the future.

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that we will have sufficient foreign exchange to meet our foreign exchange needs. Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. But we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange businesses. Foreign exchange transactions under the capital account, however, must be directly reviewed and handled by banks in accordance with the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange

Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**Circular 13**"), and the SAFE and its branches must perform indirect regulation over the foreign exchange registration via banks. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain adequate foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

Our investments in the PRC are subject to the PRC government's control over foreign investment in the property sector.

The PRC government has imposed restrictions on foreign investment in the property sector to curtail over-heating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control on cross-border investment and financing activities and imposing restrictions on purchases of properties in China by foreign persons. Restrictions imposed by the PRC government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and as a result may limit our business growth and have a material and adverse effect on our business, results of operations and financial condition.

We may be deemed as a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income.

Under the EIT Law, commencing from 1 January 2008, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the uniform 25% EIT rate as to their global income. Under the Implementation Regulations for the EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. In April 2009, the PRC State Administration of Taxation promulgated a circular, amended in December 2017, to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will explain the regulation. Therefore, we may be treated as a PRC resident enterprise for EIT purposes.

The tax consequences of such treatment are currently unclear, as they will depend on how PRC finance and tax authorities apply or enforce the EIT Law and the Implementation regulations. We face uncertainty relating to the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉

讓財產企業所得稅若干問題的公告》) (the "**SAT Circular No. 7**") issued by the PRC State Administration of Taxation. On 3 February 2015, the PRC State Administration of Taxation issued the SAT Circular No. 7, amended on 1 December 2017 and 29 December 2017. SAT Circular No. 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise (the "**PRC Taxable Assets**"). For example, SAT Circular No. 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-PRC resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and lack any other reasonable commercial purpose. Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from PRC EIT under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under SAT Circular No. 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, if such transaction were determined by the tax authorities to lack reasonable commercial purpose. As a result, we may be subject to tax under SAT Circular No. 7 and may be required to expend valuable resources to comply with SAT Circular No. 7 or to establish that we should not be taxed under SAT Circular No. 7, which may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our investment properties are located on land that is under long-term land use rights granted by the PRC government. There are uncertainties about the amount of the land grant premium that we will have to pay and additional conditions that may be imposed if we decide to seek an extension of the land use rights for our investment properties.

Our investment properties are held by us under land use rights granted by the PRC government. Under PRC laws, the maximum term of the land use rights ranges from 40 years to 70 years depending on the land use purpose. Upon expiration, the land use rights will revert to the PRC government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights. These land use rights do not have automatic rights of renewal and holders of land use rights are required to apply for extensions of the land use rights one year prior to the expiration of their terms. If an application for extension is granted (and such grant would usually be given by the PRC government unless the land in issue is to be taken back for the purpose of public interests), the holder of the land use rights will be required to, among other things, pay a land grant premium. If no application is made, or if such application is not granted, the properties under the land use rights will be reverted to the PRC government without any compensation. As none of the land use rights granted by the PRC government which are similar to those granted for our investment properties has, as at the Latest Practicable Date, run its full term, there is no precedent to provide an indication of the amount of the land grant premium which we will have to pay and any additional conditions which may be imposed if we decide to seek an extension of the land use rights for our investment properties upon the expiry thereof.

In certain circumstances, the PRC government may, where it considers to be in the public interest, terminate land use rights before the expiration of the term. In addition, the PRC government has the right to terminate long-term land use rights and expropriate the land in the event the grantee fails to observe or perform certain terms and conditions pursuant to the land use rights grant contracts. If the PRC government charges a high land grant premium, imposes additional conditions, or does not grant an extension of the term of the land use rights of any of our investment properties, our operations could be disrupted, and our business, financial condition and results of operations could be materially and adversely affected.

Our Company is a holding company and rely primarily on dividends paid by its subsidiaries, joint ventures and associates to fund any cash and financing requirements. Our Company's ability to pay dividends and utilise cash resources in our subsidiaries therefore depend on their earnings and distributions.

Our Company is a holding company and we conduct our business operations primarily through our Company's subsidiaries in the PRC. Our Company's ability to make dividend payments and other distributions in cash, to pay expenses and finance other subsidiaries depends upon the receipt of dividends, distributions or advances from its subsidiaries. The ability of the subsidiaries to pay dividends or other distributions may in turn be subject to their earnings, financial position, cash requirements and availability of cash. These restrictions could reduce the amount of dividends or other distributions that our Company receives, which could in turn restrict our Company's ability to fund our business operations and to pay dividends to our shareholders.

In addition, declaration of dividends by our subsidiaries is at the discretion of the shareholders of such subsidiaries in accordance with their respective articles of association. Payments of dividends by our subsidiaries are also subject to restrictions under the PRC laws. In addition, if the subsidiaries obtained loan from banks, they may be restricted from making distributions to us due to restrictive financial covenants contained in relevant loan and banking facilities agreements. Any of the above factors may affect our cash inflow and ability to pay dividends. As we expect to continue to invest in subsidiaries for our property development projects, our liquidity may be further restricted if we are not able to receive dividends from our existing or future subsidiaries, which may in turn could materially and adversely affect our ability to conduct our business.

You may experience difficulties in effecting service of process or enforcing foreign judgements against us, our Directors or senior management residing in China.

Our Company is incorporated in the Cayman Islands. Substantially all of our assets are located in China and certain of our Directors and senior management reside in China. Therefore, it may not be possible to effect service of process within Hong Kong or elsewhere outside of China upon us or our Directors or senior management. Moreover, China has not entered into treaties for the reciprocal recognition and enforcement of court judgements with Japan, the United Kingdom, the United States and many other countries. As a result, recognition and enforcement in China of a court judgement obtained in other jurisdictions may be difficult or impossible.

In addition, on 14 July 2006, China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Arrangement**"). Pursuant to the Arrangement, a party with a final court judgement rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in China. Similarly, a party with a final judgement rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgement in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between the parties after the effective date of the arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgement rendered by a Hong Kong court in China if the parties in dispute do not agree to enter into a choice of court agreement in writing. On 18 January 2019, the Supreme People's Court of the PRC and Hong Kong entered into an agreement regarding the scope of judgements which may be enforced between China and Hong Kong (關於內地與香港特別行政區法院相互認可和執行民商案件判決的安排) (the "**New Arrangement**"). The New Arrangement will broaden the scope of judgements that may be enforced between China and Hong Kong under the Arrangement.

Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgement was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The

New Arrangement will replace the Arrangement when the former becomes effective. However, as at the Latest Practicable Date, the New Arrangement has not become effective and no specific date has been determined as its effective date. The Arrangement continues to apply and, as such, it may be difficult or impossible for investors to enforce a Hong Kong court judgement against our assets or our Directors or senior management in China.

RISKS RELATING TO THE SPIN-OFF AND OUR SHARES

Shareholders' interest may be diluted as a result of additional equity fund raising.

We may issue additional Shares to raise additional funds in the future to finance our business expansion. If additional funds are raised through the issuance of new equity or equity-linked securities of our Group, other than on a pro-rata basis to existing Shareholders, then (a) the percentage ownership of those existing Shareholders may be reduced, and they may experience subsequent dilution, and/or (b) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of our existing Shareholders.

There has been no existing public market for our Shares and there may be a lack of liquidity and volatility in its price and trading volume.

Prior to the Listing, there had been no public market for our Shares. We have made an application for the listing of, and permission to deal in, our Shares on the Stock Exchange. The Listing, however, does not guarantee that an active and liquid trading market for our Shares will develop or, if it does develop, that it will be sustained following the Listing or that the market price of our Shares will not fluctuate following completion of the Listing.

The price and trading volume of our Shares may be volatile. Factors such as the following may affect the volume and price at which our Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;

- general economic, market or regulatory conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies and other industries; and
- other events or factors beyond our Group's control.

Future issues, offers or sales of our Shares may adversely affect the prevailing market price of our Shares.

Future sales or perceived sales of a substantial amount of our Shares or other securities relating to our Shares in the public market may negatively impact the market price of our Shares, or adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. There is no assurance that any of our Shareholders will not dispose of any Shares they now own or may own in the future, following the Spin-off or the expiration of any relevant lock-up periods. Future issues of our Shares by our Company or the disposal of our Shares by any of our Shareholders or the perception that such issues or sale may occur, may negatively affect the prevailing market price of our Shares. In addition, we may raise additional funds by issuing new equity securities in the future to finance expansion of the existing business or develop new businesses. If the new equity securities are not issued to the existing Shareholders on a pro-rata basis, the ownership percentages of the existing Shareholders may be reduced.

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

Following the Listing, our Controlling Shareholders will continue to have substantial control over our Company. Subject to the Articles of Association, the Memorandum of Association and the Listing Rules, our Controlling Shareholders by virtue of their controlling beneficial ownership of the share capital of our Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders, including but not limited to mergers, consolidations and the sale of all, or substantially all, of our assets, election of Directors and other significant corporate actions, by voting at the general meeting of our Shareholders and at Board meetings. Our Controlling Shareholders' interests may differ from the interests of other Shareholders, and our Controlling Shareholders are free to exercise vote according to their own interests. To the extent that the interests of our Controlling Shareholders conflict with the interests of other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders, those Shareholders could be disadvantaged and harmed by the actions of our Controlling Shareholders.

You may face difficulties in protecting your interests under the laws of the Cayman Islands.

We are a Cayman Islands company and our corporate affairs are governed by, among other things, our Memorandum of Association, Articles of Association, the Companies Act and common law of the Cayman Islands.

The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority Shareholders may be different from those they would have under the laws of other jurisdictions.

Facts and statistics in this listing document should not be unduly relied upon.

Certain facts and other statistics in this listing document that do not relate directly to our operations, including those relating to the PRC, the PRC economy and the PRC real estate industry have been derived from various official government publications. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by our Group, the Sole Sponsor, or any of their respective directors, officers, affiliates, advisors or representatives, or any other parties involved in the Spin-off, and such information may not be consistent with other publicly available information.

We, the Sole Sponsor, or any of their respective directors, officers, affiliates, advisors or representatives, or any other parties involved in the Spin-off make no representation as to the completeness or accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. Therefore, you should not rely unduly upon such facts and statistics contained in this listing document.

The entire listing document should be read carefully and any information contained in press articles, media and/or research reports regarding our Group, our business, our industry or the Spin-off not contained in this listing document should not be relied upon.

There may be certain coverage in the press and/or media regarding our Group, our business, our industry and the Spin-off. There had been, prior to the publication of this listing document, and there may be, subsequent to the date of this listing document but prior to the completion of the Spin-off, press and/or media coverage regarding our Group, our business, our industry and the Spin-off containing, among other matters, certain financial information, projections, valuations and other forward-looking information about us and the Spin-off. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information disseminated in the articles or media and that such information was not sourced from or authorised by our Group. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, publication or underlying assumptions. To the extent that any of the information in the media or publications other than this listing document is inconsistent or conflicts with the information contained in this listing document, we disclaim it. Accordingly, you should read the entire listing document carefully and should make investment decisions about us on the basis of the information contained in this listing document only and should not rely on any other information.

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

This document contains certain statements that are "forward-looking" and indicated by the use of forward-looking terms such as "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "plan", "potential", "project", "seek", "should", "shall", "will" or "would" or similar expressions. You are cautioned that any forward-looking statement involves risks and uncertainties and any or all of the assumptions relating to the forward-looking statements could prove to be inaccurate. As a result, the forward-looking statement could be incorrect. The inclusion of forward-looking statements in this listing document should not be regarded as a representation by us that the plans and objectives will be achieved, and you should not place undue reliance on such statements.