
RISK FACTORS

You should consider carefully all the information set forth in this document and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the [REDACTED]. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This document contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group’s actual results could differ materially from those discussed in this document. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this document. The trading price of the [REDACTED] could fall due to any of these risks, and you may lose all or part of your investment.

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in Hong Kong; (iii) risks relating to the [REDACTED]; and (iv) risks relating to the statements in this document. You should consider carefully our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our revenue is mainly derived from projects which are non-recurring in nature.

During the Track Record Period, all of our revenue were made on project basis and the projects were non-recurring in nature. During the Track Record Period, majority of projects awarded to us were either granted directly by our recurring customers or referred to us by them. We do not have long-term commitments with our customers and it is probable that our major customers may vary from year to year. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business. Therefore, we may not be able to maintain our profit at historical levels or to an extent that is within our expectation. Our profitability may vary significantly from period to period as a result of the fluctuations in the number and scale of projects awarded to our Group. There is no guarantee that we will be able to secure new contracts from our existing or new customers. In the event that we are unable to maintain business relationships with our existing customers, our revenue and results of operations will be adversely affected.

We derive a significant portion of our revenue from the provision of stage lighting and sound engineering services. Any decrease in our sales in such service would materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, a substantial proportion of our revenue is generated from our provision of stage lighting and sound engineering services. For the years ended 31 December 2024 and 2025 and the five months ended 31 May 2026, the provision of stage lighting and sound engineering services accounted for approximately 98.3%, 98.4% and 94.9% of our total revenue, respectively. We cannot assure that the provision of stage lighting and sound engineering services would generate the revenue at a level comparable to that of the historical sales. If the market demand for stage lighting and sound engineering services decreases in the future, our business operations and financial results could be adversely affected.

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A significant portion of our revenue during the Track Record Period was derived from projects awarded by our five largest customers in each of the years/period during the Track Record Period and any significant decrease in the number of projects with our major customers may materially and adversely affect our financial performance.

A significant portion of our revenue during the Track Record Period was derived from our five largest customers in each of the years/period during the Track Record Period. Revenue from our five largest customers for each of the years ended 31 December 2024 and 2025 and the five months ended 31 May 2026 amounted to approximately HK\$87.5 million, HK\$82.8 million and HK\$31.5 million, representing approximately 58.3%, 50.6% and 63.0% of our total revenue, respectively. In particular, our largest customer in each of the years/period during the Track Record Period contributed revenue of approximately HK\$53.9 million, HK\$41.4 million and HK\$14.2 million for the years ended 31 December 2024 and 2025 and the five months ended 31 May 2026, respectively, representing approximately 35.9%, 25.3% and 28.3% of our total revenue.

Furthermore, there is also no assurance that we will be able to renew our existing or obtain new contracts from our customers. If there is a significant decrease in the number of projects awarded by our major customers, and we are unable to secure suitable projects of a comparable size and quantity as replacement from other customers, our financial conditions and operating results would be materially and adversely affected.

We are exposed to inherent operational risks, which may result in personal injuries, property damages, fatal accidents.

Due to the nature of works in work sites, risks of accidents or injuries to workers are inherent. Notwithstanding our occupational health and safety measures that are required to be followed by employees of our Group and our subcontractors, accidents leading to personal injuries, property damages and/or fatal accidents remain an inherent risk at work sites. There is no assurance that the implementation of our occupational health and safety measures or our compliance with the related statutory rules and regulations can prevent the occurrence of any material personal injuries, property damages and/or fatal accidents at our worksites in the future, which may in turn materially and adversely affect our business operations and financial position to the extent not covered by insurance policies. Also, the occurrence of any serious personal injuries or fatal accidents may lead to negative publicity, which may in turn materially and adversely affect our reputation, financial position and results of operation.

Under the Employees’ Compensation Ordinance (Chapter 282 of the laws of Hong Kong), our Group may also be liable to pay such compensation to the installation workers employed by the subcontractor if they sustain personal injuries in the course of performing the subcontracted work. Therefore, our Group is exposed to potential liability with respect to employees and the installation workers employed by the subcontractors. In the occurrence of any such accidents, our Group may be rendered liable for medical expenses, medical leave payments, payments for loss of life and property, fines, and other penalties. These would result in significant financial loss and material disruption to our Group’s business operation.

We outsource certain stage engineering processes to independent subcontractors. Any disruption to their operations could adversely affect our work schedule and in turn affect our business operations and financial results.

We engage independent subcontractors to perform stage engineering, LED electronic display screen and shadow illumination effects and ad hoc personnel services. For details, please refer to the section headed “Business — Our process”. For the years ended 31 December 2024 and 2025 and the

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five months ended 31 May 2026, our subcontracting costs amounted to approximately HK\$49.9 million, HK\$58.4 million and HK\$18.1 million, respectively, representing approximately 39.8%, 41.8% and 44.7% of our total cost of sales, respectively. There is no assurance that our Group will always be able to secure services from suitable subcontractors when required, or be able to negotiate acceptable fees and terms of service with subcontractors. In such event, our operation and financial position may be adversely affected. There is also no assurance that the service quality of our subcontractors can always meet the requirements of our Group and our customers. We cannot assure that the performance monitoring procedures we adopt for our subcontractors will be effective and any material deterioration of service quality for any reasons could result in damage to our business reputation.

Any postponement or cancellation of the projects may affect the availability of equipment and future work schedule.

Due to the project-based nature of the business, our Group relies heavily on careful scheduling of the projects to maximise the utilisation of our Group’s lighting and sound equipment. However, a project may be postponed or even cancelled for reasons which may not be foreseeable in the circumstances including, among others, adverse weather condition, non-compliance with the relevant licensing requirements with respect to the stage set-up and availability of the performers. If the live pop concert or other events concerned is subsequently postponed or cancelled, our Group may be unable to find another customer for a new business engagement to utilise the equipment allocated for the project during the specified timeslot within a short period of time. In addition, if the project is postponed, it may clash with our next scheduled project. Under such circumstances, the manpower, operational resources and equipment may be insufficient to support the execution of multiple projects at the same time. In such case our Group may incur extra cost for equipment rental and ad hoc personnel services or may be forced to forgo some projects and face potential liability for the default of the contractual obligations under the project agreement, and our results of operations and financial conditions may be materially and adversely affected.

The quality of services may be affected by any unexpected technological system failures defects of our Group’s equipment.

Our Group’s business operation is dependent on the use of lighting and sound engineering technology system. The quality and condition of the equipment provided is pivotal to the services our Group provides to our customers. Although our Group possesses employees with relevant specialised skills and knowledge to execute the tasks and processes for the project with reasonable care, such equipment and software are subject to unexpected technical glitch, breakdown, malfunction, operational error and sudden power outage. Any material errors, malfunction or failure of the hardware or software may significantly affect our Group’s ability to complete the project on schedule.

Our Group has adopted various quality control measures to ensure the service quality, but there is no guarantee that the equipment our Group procured from the suppliers and provided to customers are free from fault and can properly function on the site, especially as electronic products are inherently subject to latent defects which may not be easy to detect upon inspection. If the solutions fail to achieve the specified special effects as requested by the clients, they may refuse to engage our Group again for future projects and there is a risk that our Group may be subject to claim(s) from its customers for the loss and damages arising therefrom. The operating results and financial conditions may be materially and adversely affected as a result.

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Any failure to maintain effective quality control system in our Group could have a material adverse effect on our Group’s business and operations.

The Directors believe that the reputation and brand name that our Group has built up over the years play a significant role in enabling our Group to attract customers and secure projects. The promotion and enhancement of our Group’s reputation and brand name depend largely on its ability to provide quality and timely service to the customers. If our Group fails to do so or our customers no longer perceive our Group’s services to be of high quality, our Group’s brand name and reputation could be adversely affected which will in turn materially and adversely affect our Group’s business, financial condition and results of operation.

Any delay in logistics services may materially affect our Group’s operation time schedule.

Our Group relies on logistics services rendered by third parties in transporting and delivering the lighting and sound equipment from our warehouse located in Hong Kong to the designated venues for installation and set-up. Therefore, the operation flow substantially relies on punctual delivery of the logistics service providers. Various unforeseeable factors may interrupt and lead to delay for delivery including but not limited to, adverse weather conditions and traffic accidents that obstruct the transportation channels. Any erroneous assessment to factor in the possibility of material delay in the delivery of equipment may result in shortage of the equipment and adversely affect our Group’s ability to fulfil its obligation to the customers.

Our Group is exposed to credit risks in relation to our trade receivables.

Our Group generally offers credit period of 30 days to major customers for its payment of contract fees. However, there is no guarantee that all customers will settle payment as it falls due. While our Group has implemented credit control policies including an annual credit review based on the settlement of our Group’s accounts receivables in the preceding year, such measures and evaluation of the credit status may not be adequate to safeguard against material credit risks. Our trade receivables, net of provision for loss allowances, amounted to approximately HK\$14.6 million, HK\$35.2 million and HK\$27.2 million as of 31 December 2024 and 2025 and as of 31 May 2026. For the same years/period, our trade receivables turnover days were approximately 40.1 days, 62.1 days and 111.0 days, respectively. Please refer to the section headed “Financial information — Discussion on selected items of combined statements of financial position — Current assets and liabilities — Trade receivables” of this document for further details. Our Group’s financial position may be materially and adversely affected if any customers delay or fail to pay the amount due. In addition, there may be an adverse impact on our Group’s operation if it diverts its management resources, time and attention to pursue any unsettled invoices.

We had a net current liabilities as at 31 December 2024 and 2025.

As at 31 December 2024 and 2025, we recorded net current liabilities of approximately HK\$18.8 million and HK\$13.2 million, respectively. We cannot assure you that we will not incur net current liabilities in the future. Please refer to the section headed “Financial information — Discussion on selected items of combined statements of financial position — Current assets and liabilities” for further details. Our net current liabilities expose us to certain liquidity risks and could constrain our operational flexibility as well as adversely affect our ability to expand our business. Our future liquidity, the payment of trade payables and the payment of accruals and other payables will primarily depend on future operating and financial performance, including our ability to maintain adequate cash inflows from operating activities and our ability to obtain adequate financing. There is also no assurance that we will always have sufficient funds to meet our repayment obligations, or that our historical net current

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liabilities will not impair our ability to obtain new borrowings to finance our operation or capital commitments. In such circumstances, our liquidity, business operation, financial condition and prospects may be materially and adversely affected.

Our Group’s business is closely linked to the entertainment industry which is characterised by ever-changing market trends and consumers’ preferences.

As our Group focus on providing lighting and sound solutions for live pop concerts during the Track Record Period, our Group’s success is largely dependent on the sustainability and growth of the entertainment industry. However, the market response for live pop concerts may vary based on a number of factors including popularity of the performing artists, effectiveness of the marketing and promotion of the live pop concerts. Due to the close linkage between our Group’s business and the entertainment industry, any decline in growth of the latter may materially and adversely affect our Group’s business prospects, financial condition and performance.

Our Group’s industry is subject to the demand of entertainment content which may be adversely affected by the global economic and market conditions in the event of significant deterioration and volatility in the global financial markets.

The demand for entertainment content including pop concerts is highly dependent on the global economic and market conditions. Since the pop concerts are particularly sensitive to change in the disposable income and spending patterns of consumers, the change in the demand of entertainment content would have material impact on our Group’s industry.

If consumer spending in Hong Kong worsens as a result of the global financial crisis and fluctuations in their wages, the consumers may not be willing to spend on pop concerts and other live events, which in turn would result in the decline in organising such events and lead to the decline of our Group’s business and financial performance.

Failure to keep pace with the technological advancement may materially affect our financial performance and we may not be able to meet the needs of our customers, which may also affect our competitiveness in the industry.

The continuous success of our Group’s business is largely attributable to its ability to keep pace with the latest development of lighting and sound technology in the market. In order to provide feasible and cost-effective equipment support to our customers, it is important for us to keep pace with the latest technological advancement in the industry and to respond to the consumers’ evolving preferences in a timely manner, so that its equipment range could fully satisfy the customers’ requirements. The decision to purchase new lighting and sound equipment is based on a number of factors, including the anticipated orders from our Group’s customers, the project requirements, the trend and development of recent technology, as well as the assessment of the market reception for the new effects produced by the equipment based on our industry experience.

It is very important for potential investors to note that even if our Group stays abreast of the market trends and regularly invests in new equipment, our Group may not be able to achieve a satisfactory utilisation rate for the newly acquired equipment if they do not cope with the customers’ needs and specifications. The worst case is that the newly acquired equipment may need to be impaired. Therefore, it is imperative for our Group to make wise decisions when purchasing new equipment so that our competitiveness, profitability and financial performance could be maximised in the long run.

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Our business operations depend on the expertise and continuing performance of our key management personnel and there is no assurance that our Group can hire and retain them.

Our success and growth depend on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite industry expertise. Our executive Directors and senior management are important to us in particular in executing our business plan and identifying new opportunities and product advancements. We rely on the management and leadership of Mr. Ng, who is our Chairman, executive Director and co-chief executive officer, and Mr. Chan, who is our executive Director and co-chief executive officer. Mr. Ng and Mr. Chan are both responsible for our Group’s strategic planning and supervision of implementation of our Group’s policies. In addition, we also rely on our Group’s senior management in our daily operations. Details of the expertise and experience of our executive Directors and senior management are set out in the section headed “Directors and senior management” in this document.

There is no assurance that our Group can retain the continuous services of our executive Directors and other members of senior management. If we cannot retain their continuous services in the management of our Group and we are not able to find suitable replacements in a timely manner, there could be an adverse and material impact on the business, results of operation and profitability of our Group.

Successful implementation of our business strategies and future plans are subject to uncertainties.

In order to achieve our business growth by implementing a series of strategies, we plan to acquire advanced lighting and sound equipment including laser and lighting effects fixtures and strengthen our market penetration across the Greater Bay Area. Please refer to the sections headed “Business — Our business strategies” and “Future plans and use of proceeds” in this document for further details. There is no guarantee that we will be able to implement any of our business strategies and future plans successfully, which in turn are subject to uncertainties and changing market, economic and political conditions. Our plans for development and business expansion are formulated based on assumptions on the occurrence of certain future events, which may or may not materialise. We may also not have timely access to adequate capital financing when suitable business opportunities arise. Furthermore, there is also no assurance that any of our business strategies will yield the benefits or achieve the level of profitability we anticipate. The profit from our implemented plans may not be sufficient to justify the start-up expenses and the increased operating costs.

We may be adversely affected by any significant disruption to the warehouses where we store our equipment.

We primarily store our lighting and sound equipment in the warehouse we leased in Hong Kong. Please refer to the section headed “Business — Warehousing” for details of our warehouse. Any significant interruption in the operation of our warehouse facilities, whether as a result of a natural disaster or other causes, could significantly impair our ability to operate our business. The warehouse where we store our equipment is also subject to a number of risks, such as fires, floods, explosions, natural disasters, third-party interference, disruptions in the power supply or power outages, war, terrorism and communal unrest, which could lead to a significant disruption to our operations or result in significant damages to our equipment. Although we have maintained insurance covering certain damage or loss to our equipment in our warehouse, such compensation may not fully cover the actual losses we suffer, and our business, financial condition and results of operations may be materially and adversely affected.

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

For the years ended 31 December 2024 and 2025 and the five months ended 31 May 2026, our gross profit amounted to approximately HK\$24.7 million, HK\$24.2 million and HK\$9.5 million, respectively; while our gross profit margin was approximately 16.4%, 14.8% and 19.1%, respectively. However, such trend of historical financial information of our Group is a mere analysis of our past performance only and does not necessarily have any positive implication or may not necessarily reflect our financial performance in the future which will depend on our capability to secure new business opportunities and to control our costs. There is no assurance that our operating and financial performance in the future will remain at a level comparable to those recorded during the Track Record Period.

There is an inherent risk in using our historical financial information to project our future financial performance, as they do not necessarily have any positive implication or may only reflect on our past performance under certain conditions. Our future financial performance will depend on, among others, our ability to secure new contracts, control our costs, market conditions in Hong Kong, and competition among contractors. All these may reduce the number of projects awarded to us and/or limit profit margin of our projects.

In addition, our profit margin may also fluctuate from period to period due to factors such as, among others, the work progress of the projects, the proportion of works performed by our subcontractors and our direct labour and the cost required for the projects. There is no assurance that our profit margin will remain stable in the future and that we can maintain our current level of performance.

We face intense competition in the events and concerts market.

The events and concerts market faces intense competition from both local and regional technical service providers, such as the competitive cost structures offered by mainland Chinese companies. According to the Frost & Sullivan Report, leveraging the Government’s promotion of the event economy and the official opening and commission of Kai Tak Sports Park, this initiative has attracted more industry participants, which has inevitably intensified competition and exerted downward pressure on prices. Consequently, all market players, including our Group, must confront the impact of maintaining premium market positioning. If we are not able to maintain our competitiveness, our business operations, market share and financial condition may be adversely affected.

Our insurance policies may not be sufficient to cover liabilities arising from claims and litigation and our insurance expenses may increase from time to time.

We maintain insurance policies to cover the risks associated with our business operations. However, there are certain types of risks, such as acts of god, for which insurance coverage is generally not available on commercially acceptable terms or at all. There is no assurance that our current insurance coverage will be able to cover all types of risks involved in our business operations, or be sufficient to cover the full extent of losses, damages or liabilities arising therefrom. 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 coverage, we will have to bear all or a certain portion of such losses, damages or liabilities. In such circumstances, our business operations, results of operations and financial condition may be materially and adversely affected.

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In addition, there is no assurance that our insurance expenses will not increase or that we will not be required by law to obtain additional insurance coverage in the future. Any further increase in insurance costs may materially and adversely affect our results of operations and financial condition.

We may experience failures in our information technology systems.

Our information technology systems may be subject to risks associated with computer viruses, hardware and software failures, telecommunications failures, power outages, fires, natural disasters and other similar events. Any information systems failure will interrupt our operations and additional time and costs will be incurred for restoring the information lost or damaged. We cannot guarantee that all information lost or damaged could be fully restored and if any of such information which is critical to our business operations could not be restored, our operations may be adversely affected.

Our business operations are subject to adverse weather conditions, natural disasters and other operating hazards.

Our business operations could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, SARS, Ebola, Zika, COVID-19 or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in Hong Kong could materially disrupt our business and operations.

These events could also significantly impact our industry, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our staff were suspected of contracting an epidemic disease, since this could require us to quarantine some or all of these personnel or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak harms Hong Kong and global economy in general. Our operations could also be severely disrupted if our customers were affected by natural disasters, health epidemics or other outbreaks.

RISKS RELATING TO DOING BUSINESS IN HONG KONG

Political consideration of Hong Kong.

Our operations are principally based in Hong Kong, where our business operation and financial conditions will be affected by the political and legal developments in Hong Kong. Any adverse economic, social and/or political conditions, material social unrest, strike, riot, civil disturbance or disobedience, as well as significant natural disasters may materially and adversely affect various sectors of the Hong Kong economy and our business operations.

Our business operations are susceptible to incidents or factors which affect the stability of the social, economic and political conditions in Hong Kong. Any drastic events may adversely affect our business operations, which may include changes in economic conditions and regulatory environment, social and/or political conditions, civil disturbance or disobedience, as well as significant natural disasters.

We cannot assure that there will be no political or social unrest in the future or that there will not be other events that could lead to the disruption of the economic, political and social conditions in Hong Kong. If such events persist for a prolonged period of time or that the economic, political and social conditions in Hong Kong are to be disrupted, our overall business, finance conditions and results of operations may be adversely affected.

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Currency peg system in Hong Kong.

Since 1983, Hong Kong dollars have been pegged to U.S. dollars at the rate of approximately HK\$7.80 to U.S.\$1.00. There is no assurance that this policy will not be changed in the near future. If the pegging system collapses and the value of Hong Kong dollars rises against the U.S. dollar, our sale in the U.S. or other U.S. currency-based regions may be adversely affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, their market price may be volatile and an active trading market in our Shares may not develop.

Prior to [REDACTED], there is no public market for our Shares. The [REDACTED] of, and the permission to [REDACTED] with, our Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the [REDACTED]. Factors such as variations in our Group’s revenue, earnings and cash flows, strategic acquisitions made by our Group or our competitors, loss of key personnel, litigation, fluctuations in the market prices for our services in Hong Kong, the liquidity of the market for our Shares, the general market sentiment regarding the construction industry could cause the market price and trading volume of our Shares to change substantially. In addition, both the market price and liquidity of our Shares could be adversely affected by factors beyond our Group’s control and unrelated to the performance of our Group’s business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, investors may not be able to sell their Shares at or above the [REDACTED].

Future sales, or market perception of sales, of substantial amounts of our Shares in the public market, including any future [REDACTED], could have a material adverse effect on the market price of our Shares and make it difficult for you to recover the full value of your investment.

The market price of our Shares could decline as a result of future sales of substantial amount of our Shares or other securities relating to our Shares in the public market, or the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuance may occur. Future sales, or perceived sales, of substantial amount of our Shares could materially and adversely affect the market prices of our Shares and may also materially and adversely affect our ability to raise capital in the future. In addition, our Shareholders would experience dilution in their holdings upon our issuance or sale of additional securities in future [REDACTED].

Investors for our Shares may experience dilution if we issue additional Shares in the future.

If we issue additional Shares in the future, investors of our Shares in the [REDACTED] may experience further dilution in their ownership percentage. We may need to raise additional funds in the future to finance expansion of or new developments relating to our existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by our [REDACTED].

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RISKS RELATING TO THE STATEMENTS IN THIS DOCUMENT

We cannot guarantee the accuracy of information and statistics with respect to certain information derived from various official government publications and other publicly available publications in this document.

Certain information and statistics in this document are extracted from various official government publications and other publicly available publications. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.